New Trend of International Trade Friction and the Countermeasures
-A Case Study of Sino-US Trade Friction

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Abstract—The world had seen a good trend of goods and service trade in recent years. However, trade frictions came up frequently, and especially occurred between some giant economies. This brought up uncertainty to relationship of nations and would hinder the global trade and productions. In this paper, we first reviewed the cause and influence of trade friction. And we discussed trends in trade friction in ten years and further examined the trade friction between the United States and China. In conclusion, we proposed several strategies for China to cope with sustainable trade conflicts as a top country of goods exports.

Keywords—trade friction; new trend; Sino-US; countermeasures

I. INTRODUCTION

In 2017, the world economy strengthened with a growth rate of 3.8% (only 3.2% in 2016), which was the highest since 2011. This growth was accompanied by the boost of world trade. In 2017, global trade had shown a marked recovery. Trade in emerging and developing markets had recovered significantly. China, the Eurozone, the United States and Japan grew faster than expected, with growth rates of 6.9%, 2.3%, 2.3% and 1.7%, respectively, which were 0.2, 0.6, 0.7 and 0.7 percentage points higher than the previous year [1]. Strong exports and domestic consumer demand had provided strong support for the Asian economy, and the Asian Development Bank report showed that the Asian region’s economic growth rate in 2017 was 6.1%. In the same year, global trade volume and price rose simultaneously. According to WTO statistics, global trade volume increased by 4.7% in 2017, reaching the highest level since 2011, significantly higher than the growth rate of 3.8% of the world economy [2]. In 2017, global exports amounted to US$17.2 trillion, experiencing an increase of 11% year-on-year.

In the meantime, we observed the severe fact that China, as the largest exporter of goods, turned out to be the target of trade frictions. In 2016, China’s exports obtained largest number of anti-dumping investigations and final implementations [3]. Moreover, the Sino-US trade frictions raised the global attention and exacerbated the uncertainty of global trade relationships and economic development. In the context of new trend of frictions, we first discussed over the cause and effect of trade friction. And then analyzed the tendency of global trade friction, especially that between China and the United States. Consequently, we proposed some strategies and measures for China to cope with future potential trade frictions.

II. LITERATURE REVIEW

A. Definition and Classification of Trade Friction

With the acceleration of global commodity flows, trade frictions have attracted attentions of the academic community since the 1960s. Early studies believed that intergovernmental trade policies were interdependent. When a country sought to maximize the tariff effect, its counterparts would also adopt corresponding measures, meanwhile trade friction occurred. The result was that the welfare of both sides was impaired (Johnson, 1951) [4]. Traditional forms of trade friction include discriminatory tariffs, quotas, voluntary/mandatory quota restrictions, etc. (Stern, 1973) [5]. Since the 1990s, international trade was liberalized worldwide, and traditional trade protection measures had gradually been abandoned because they didn’t comply with basic requirements of the multilateral trading system. Concealed and discriminatory non-tariff barriers had been adopted by governments all around the world. These measures include but are not limited to: technical standards for trade protection motives, sanitary inspection and phytosanitary measures anti-dumping, countervailing, safeguards, monopoly measures (discriminatory government procurement, etc.), Section 301 (Section 301 of US Trade Act of 1974), Special 301 amendment, Section 232 (Section 232 of US Trade Expansion Act of 1962) and so on.

Chinese scholars divided trade frictions from different perspectives based on the nature of trade frictions: such as frictions in comparative advantage fields and frictions in comparative disadvantage fields (Yin X., 2006) [6]; explicit trade frictions, implicit trade frictions (Wang X. and Wang P., 2005) [7]; Frictions on Micro-level, on Macro-level, in investment field, on institutional elements, and Frictions in technical trade (Zhao J., 2002) [8].

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Although the perspectives on the classification of trade friction are diverse, friction itself shows a unified substantive feature: as for the traditional commodities (generally means goods that have lower technological content, more uniform production standards, and more intense competition) in which the developing countries have comparative advantages, the importing countries use tariffs, quotas or anti-dumping, countervailing and other direct trade measures for protection; as for those high-tech products and services in which the developed countries have comparative advantages (goods with high technical content, complex production standards, strong market monopoly), hidden trade protection measures such as technical standards and intellectual property protection are often performed.

Under the bindings of the multilateral trading system framework (such as the WTO), due to the existence of restrictions or prohibitions, trade protection measures such as tariffs and quotas have been used less and less. While WTO has allowed anti-dumping, countervailing, safeguard measures, etc., and to a certain extent, trade frictions arising from these measures began to increase. Measures such as intellectual property protection, technical standards, sanitary inspection and phytosanitary standards, labor conditions, environmental protection, etc., which are hardly covered or limited by WTO, have been increasingly adopted by many countries for trade protection. Therefore, trade frictions in these areas were gradually rising.

B. Cause of Trade Friction

There were mainly three causes of trade friction according to the literature. Trade friction caused by different market systems, economic concepts, customs and habits were less regular and relatively difficult to avoid, thus there were relatively few related studies (Langdon, 1983 [9]; Bown, 2002 [10]; Grinols & Perrelli, 2002 [11]).

Trade friction caused by trade protection reasons. Such trade frictions arose when a trade party adopted trade protection measures to maintain its own market, products, employment, etc., while the counterparty implemented retaliatory measures or required the other party to remove trade barriers. Lingelbach (1930) proposed an earlier view of trade conflicts. He believed that industrialized countries adopted unequal business policies to plunder the market in other countries, and hinder the industrial development of other countries, which would lead to trade frictions or even wars [12].

There were many literatures on trade frictions for protection reasons, including tariffs (Beladi & Samanta, 1991 [13]), quotas (McCorriston, 1996 [14]), and trade friction based on strategic trade theory (Bagwell & Staiger, 2001 [15]; Maggi, 1996 [16]), as well as non-traditional trade protection methods such as technical standards (Sturm, 2006 [17]).

Interest group behavior could also cause trade friction. From the perspective of political economy, the political lobbying of interest groups was an important reason for trade friction. Studies had shown a causal relationship between political lobbying and trade protection (Grossman & Helpman, 1994 [18]; Bhagwati, 1985 [19]). Specifically, it can influence the length of the trade friction investigation and the outcome of determination, according to the empirical study of Lee & Mah (2003) on the US anti-dumping ruling of 1975-1999 [20]. Moreover, the government’s lobbying and rent-seeking behavior was sufficient to lead to the occurrence and intensification of trade disputes, referring to the research of Irwin & Pavcnik (2004) on aircraft manufacturers [21].

Among the above three types of causes, the first type got low regularity and was difficult to avoid. The second and third categories occurred frequently in reality and have strong academic research value and practical application value. In particular, the quantitative research on the causes of trade protection (including the expansion of indicators of trade protection and methods of degree measurement) and the use of empirical research methods to reveal the impact of corporate behavior on the trade friction process would become an important direction in future research.

C. Effect of Trade Friction

The economic effects of trade friction generally manifest in three aspects: (1) affecting the trade scale and trade scope of the friction economies; (2) affecting the overall welfare of the friction economies; (3) affecting the welfare of other economies and the world.

Impact on the trade scale and trade scope of both parties. The direct result of trade friction was that the volume of trade between the two countries would decline and the scope of trade would be narrowed. Of course, this result of reducing the tightness of trade links on the one hand blocked the transmission of positive effects of economic power between countries, and on the other hand, it weakened the synergy between the economic cycles of the two countries and restrained the transmission of negative effects such as cyclical depression.

Impact on the overall welfare of both parties. Trade frictions reduced the welfare of consumers in the host country and the level of total social welfare but might increase the welfare of specific interest groups. From a long-term strategic perspective, it was beneficial to a country in the long run by protecting domestic related industries to make it more competitive and profitable in the future (Bagwell & Staiger, 2001). For the initiated countries of trade friction, from the perspective of partial equilibrium, the welfare impact was negative, and the empirical research using gravity model also concluded that trade friction had adverse effects (Balistreri & Hillberry, 2006 [22]).

Impact on the welfare of other economies and the world. In terms of hindering the free development of trade, restricting the flow of factors and commodities and the free allocation of resources within the world, trade friction would have a negative impact on the world welfare. In terms of production decentralization and the extension of products value chain in different countries (formation of global value chains), trade friction between the two countries might adversely affect the production allocation, intermediate goods trade and trade value-added benefits of other economies (Dollar & Wang, 2018 [23]).
III. NEW TREND IN TRADE FRICTION

According to the latest trade monitoring data of the WTO, from October 2016 to May 2017, WTO members implemented 74 new trade restriction measures (see fig.1), reaching an average of 11 items per month, which was significantly lower than the monthly average of 15 items in the previous year. Trade restrictions include adding new tariffs, increasing import and export tariffs, imposing import prohibitions or quantitative restrictions, and establishing more complex customs regulations/procedures. To some extent, we can see that the recovery of world trade in 2017 had a certain relationship with the decline of restrictive trade policies of various countries.

As was indicated in Figure 2, from October 2016 to May 2017, WTO members initiated a total of 174 trade remedy measures, with an average of 25 monthly launches, which was lower than the same period of the previous year (average of 28 monthly launches). It further provided a favorable environment for the cross-border flow of goods. From the breakdown of data, among the 345 trade remedy measures in 2016, the number of anti-dumping cases accounted for more than 85% (300 cases), the number of countervailing cases accounted for nearly 10% (34 cases), and the safeguard measures accounted for about 3% (11 cases). It could be seen that anti-dumping was the most frequently used trade remedy under the WTO rules. Furthermore, the main sectors frequently triggered by trade remedies were wood and wood products, motor vehicles, furniture, bedding, lamps, etc. according to World Trade Statistical Review 2017.

From WTO statistics in 2017 (see table II), the countries that initiated the most anti-dumping investigations were India (69 cases), and the second was the United States (37 cases). As for the number of the final anti-dumping measures in force, the United States ranked first and reached 287 cases. Compared with developing economies such as India and Brazil, the number of China was significantly lower in terms of both the increment of anti-dumping investigations initiated and the stocks of final effective measures. This reminded us whether we should increase the level of use of trade remedy measures under WTO framework.

### TABLE I. TOP 10 EXPORTERS THAT WERE INITIATED ANTI-DUMPING CASES AGAINST IN 2016

<table>
<thead>
<tr>
<th>Economy</th>
<th>Investigations initiated</th>
<th>Final measures implemented</th>
<th>Final measures withdrawn/revoked</th>
<th>Final measures in effect by the end of 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>94</td>
<td>44</td>
<td>12</td>
<td>559</td>
</tr>
<tr>
<td>Korea</td>
<td>32</td>
<td>14</td>
<td>3</td>
<td>107</td>
</tr>
<tr>
<td>Brazil</td>
<td>13</td>
<td>3</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>India</td>
<td>12</td>
<td>8</td>
<td>4</td>
<td>68</td>
</tr>
<tr>
<td>Japan</td>
<td>12</td>
<td>7</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>Russia</td>
<td>12</td>
<td>5</td>
<td>4</td>
<td>41</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10</td>
<td>8</td>
<td>1</td>
<td>44</td>
</tr>
<tr>
<td>Thailand</td>
<td>10</td>
<td>2</td>
<td>5</td>
<td>65</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9</td>
<td>5</td>
<td>1</td>
<td>55</td>
</tr>
<tr>
<td>Vietnam</td>
<td>7</td>
<td>10</td>
<td>0</td>
<td>36</td>
</tr>
</tbody>
</table>

ultimately damaging to American consumers. The Oxford pointed out that trade conflicts may derail global growth. Many in global trade costs, a 6% reduction in global trade volume, countries to counter, it would eventually lead to a 10% increase States took the lead in raising tariffs and then caused other economic recovery. The OECD estimated that if the United escalation of global trade frictions, affecting the steady growth of international cooperation and had multiple impacts on the economies of various countries, and the impact was difficult to estimate. The anxiety caused by the escalation of trade friction had led to undersell in global stock markets, and the turmoil in the foreign exchange market had intensified. From a political perspective, the unilateral increase in tariffs was at the expense of the interests of the majority to maintain the interests of minority groups.

IV. NEW ISSUES IN INTERNATIONAL TRADE FRICTION: A CASE STUDY OF SINO-US TRADE FRICTION

In January 2018, the United States announced a four-year and three-year global safeguard (201 investigations) for imported photovoltaic products and large washing machines respectively. In March, the United States imposed a comprehensive tariff on imported steel and aluminum products claiming those products threatened US national security. The tariff rates were 25% and 10% respectively (232 investigations) but were temporarily excluded imports from Canada and Mexico. On March 22, the US President signed a memorandum, based on the 301 investigation report released by the USTR, instructing relevant authorities to impose large-scale tariffs on imported goods from China, suing China against WTO on intellectual property issues, and restricting Chinese enterprises from investing in acquisitions of US enterprises. On April 3, the US Trade Representative announced the tariff proposal for China according to the 301 investigation. The list of product recommendations involved China’s approximately US$50 billion export. The proposed tariff rate was 25%, covering nearly 1,300 tariff code products. On April 17, the US government announced that it would ban US companies from selling parts, goods, software and technology to ZTE within seven years. On May 3-4, the Chinese and US delegations held trade dialogue consultations in Beijing. It seemed the United States were fencing against the world, especially China. There can be some reasons.

A. The Developed Economies Got Increasing Trade Protection Claims after a Slow Recovery Period

The United States highlighted the inherent basis of China’s trade surplus hazard. The focus on the negative effects of China’s trade surplus stemmed from a series of studies on “China Shock”, in which the paper published in the American Economic Review and written by Autor, Dorn & Hanson (2013) [24] was influential. Since 2013, ADH had published nine independent studies devoted to the impact of trade. Their representative conclusion was that one-quarter of the loss of manufacturing jobs in the United States from 1990 to 2007 was due to a surge in imports of Chinese goods. Although both American and Chinese scholars had pointed out that there was a certain degree of empirical flaw in their research in recent years, this had been unable to reverse the image of the “great harm” formed by the “China Shock” in the US government and

<table>
<thead>
<tr>
<th>Economy</th>
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</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>69</td>
<td>37</td>
<td>15</td>
<td>248</td>
</tr>
<tr>
<td>United States</td>
<td>37</td>
<td>35</td>
<td>6</td>
<td>287</td>
</tr>
<tr>
<td>Argentina</td>
<td>25</td>
<td>1</td>
<td>2</td>
<td>83</td>
</tr>
<tr>
<td>Pakistan</td>
<td>24</td>
<td>2</td>
<td>10</td>
<td>21</td>
</tr>
<tr>
<td>Turkey</td>
<td>17</td>
<td>15</td>
<td>2</td>
<td>156</td>
</tr>
<tr>
<td>Australia</td>
<td>17</td>
<td>5</td>
<td>5</td>
<td>55</td>
</tr>
<tr>
<td>Canada</td>
<td>14</td>
<td>3</td>
<td>2</td>
<td>61</td>
</tr>
<tr>
<td>Egypt</td>
<td>14</td>
<td>4</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Brazil</td>
<td>11</td>
<td>13</td>
<td>6</td>
<td>156</td>
</tr>
<tr>
<td>Thailand</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>China</td>
<td>5</td>
<td>11</td>
<td>6</td>
<td>95</td>
</tr>
</tbody>
</table>

Source: World Tariff Profiles 2017

In 2017, Chinese products encountered 75 trade remedy investigations initiated by 21 economies, including 55 anti-dumping cases, 13 countervailing cases, and 7 safeguard measures cases. And the total amount involved was US$11 billion. Compared with 2016, the number and the amount of cases decreased by 37% and 23%.

From the perspective of the country distribution, the United States filed 22 cases with an amount of US$4.5 billion, which was the country with the largest number of cases filed against China and the highest amount involved. Followed by India, with 16 cases filed and the amount of US$2.9 billion. From the perspective of the industry, 13 cases of light industrial products and 13 cases of steel products were filed, which were the industry with the largest number of filings; 10 cases of mechanical and electrical products were filed, involving a total amount of US$5.4 billion, which was the industry with the highest amount involved. In 2017, the number and the amount of trade remedy investigations in China declined. The part of reason was the improvement of global economy. On the other hand, due to the high base in the previous year, China was still the largest target of the global trade remedy investigation and still facing complex and severe trade friction situation.

As a new trend, unilateralism, protectionism, and “de-globalization” may lead to an escalation of global trade frictions and hinder further economic growth. The United States ignored the rules of the WTO and implemented unilateral and protectionist policies, which had led to the escalation of global trade frictions, affecting the steady growth of international trade and disrupting the current pace of world economic recovery. The OECD estimated that if the United States took the lead in raising tariffs and then caused other countries to counter, it would eventually lead to a 10% increase in global trade costs, a 6% reduction in global trade volume, and a 1.4% decline in the global economy growth. The IMF pointed out that trade conflicts may derail global growth. Many economists had pointed out that unilaterally raising tariffs was ultimately damaging to American consumers. The Oxford Institute estimated that low-priced goods from China had lowered US consumer prices by 1% to 1.5%. Under the situation of continuous development of global supply chain and value chain, the industries of various countries were closely linked. Trade friction not only had an impact on both sides, but also harmed the interests of other countries. More importantly, the direct impact of the tariff increase itself was easier to quantify, but the escalation of trade friction damaged the confidence of international cooperation and had multiple impacts on the economies of various countries, and the impact was difficult to estimate. The anxiety caused by the escalation of trade friction had led to undersell in global stock markets, and the turmoil in the foreign exchange market had intensified. From a political perspective, the unilateral increase in tariffs was at the expense of the interests of the majority to maintain the interests of minority groups.
the public. And it had stimulated the idea of implementing import tariffs to reduce the impact of Chinese goods on employment.

Many Chinese and western scholars had pointed out that the reduction of employment in the US manufacturing industry was the result of the combined effects of automation and productivity improvement. Moreover, the United States had experienced a continuous decline in the number of manufacturing workers since the 1950s, while this could not simply be attributed to international trade, especially to the trade deficit with a certain country. Irwin (2017) indicated that this overly simple attribution was merely to gloss trade protectionism into a seemingly faster and more effective solution (to gain more political confidence for long-term unimproved economic growth) [25]. If imported goods aroused these undesirable consequences, then restricting imports and imposing high tariffs on Chinese goods can solve all these problems.

B. The Negative Economic Effects Caused by Trade Friction Would Have a Wider Influence

The United States’ intensified trade frictions can not only harm the bilateral interests but also that of other parties. The typical feature of modern production was that it had been fully integrated into the global value chain. The previous “made in a certain country” label had become less meaningful and replaced by “Made in the World” at present. Two-thirds of world trade took place through global value chains. The labels of “Made in China” in the US market contained value-added from different economies, including the value-added of US companies investing in China, as well as the value-added from processing trade raw material suppliers in Japan, Korea, etc. Therefore, Sino-US trade friction not only damaged the economic interests of both sides, but also would spread the harm to more parties along global value chains, including many traditional allies of the United States.

Specifically, the implementation of tariff sanctions on Chinese exports will first harm the interests of US multinational companies investing in China. China is an important host country for FDI of US multinational corporations. Although the US investment in China was equivalent to investment in Mexico, which was far lower than that of members of the European Union, such as the UK and the Netherlands. However, China was the top ranked high profit return area (Lin, 2018) [26]. Secondly, China’s exports include not only the value-added returns to China, but also the value-added of those inputs supply countries of China’s processing trade, such as the United States, Japan, and South Korea. In the case of computers and electronic devices, the proportion of China’s value-added is relatively low, and some even fall below 10% (Dollar & Wang, 2018). Thirdly, from the perspective of supply chain, China is a major exporter of intermediate products. 37% of US imports from China are intermediate inputs. American companies rely on these intermediate products with price advantages to make themselves competitive. Imposing tariffs on these intermediates will damage the interests of the US final product manufacturing.

C. International Trade Frictions in the Traditional Economic Field begin to Involve More Political Implications

The United States insists on unilateral practices goes beyond the economic consideration under the foreseeable adverse economic consequences. Trade protectionism is not conducive to the revitalization of manufacturing. From the history of the United States, in the 1980s (1981-1982 economic recession), the Reagan administration implemented several import restrictions to help domestic industries cope with the increasingly fierce foreign competition, and exerted pressure on Japan to reduce exports to the United States. At the same time, it forced steel exporters to control the export volume to the U.S. market. Despite the economic recovery and employment growth in the United States, the US Congress’s assessment report in 1986 showed that trade restrictions did not achieve the goal of improving the international competitiveness of related industries. At the time, Robert Lighthizer, a trade negotiator who advocated import restriction policies, was nominated by Trump as the current 18th U.S. trade representative.

The Reagan administration’s trade protection policy was unsuccessful. Restricting Japanese auto imports led to a sharp increase in the price of imported autos, worsening U.S. terms of trade, and impeding steel imports damaged the interests of downstream steel use industry and its consumers. Trade measures to protect employment in the upstream industry could cause damage to more downstream industrial workers. In order to protect the 147,000 jobs of U.S. steel industry, it will cost the benefit of 6.5 million workers employed in the steel using industries (Irwin, 2017). U.S. manufacturing technology had been greatly upgraded, and even making use of trade protection, considerable low-end employment could not be created. A unilateral approach that ignores WTO rules will have the wrong demonstration effect of undermining the outcomes of the existing multilateral trade system.

Trade friction is not conducive to solving the imbalance of the U.S. economy. At current stage, it is not the period when the Sino-US trade deficit accounted for the highest proportion of U.S. GDP. Thus, we need to extend widely to the political level in order to understand the current Sino-US trade friction.

V. Countermeasures for International Trade Friction: Perspective of China

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A. Properly View the New Situation of International Trade Friction Facing China

The issue of trade disputes is extremely complicated. It consists of multiple factors domestically and externally. It appears to be certain conflicts over laws and trade rules, but
fundamentally it is a deep reflection of the interests of all countries. Under the contradiction between economic globalization and independence of national interests, trade disputes will sustain in the long run, and their forms and content will be constantly changing. The requirements for the response will become more and more complex, and the cost of settlement will continue to rise, with long-term, repetitive and phased characteristics. China is the world’s largest country in the trade of goods, and it has a long maintained large surplus, which is more likely to trigger trade disputes. Constantly suffering from trade frictions from most economies in the world will be the norm in the future economic development and trade upgrading process. Therefore, various industries of China need to have a long-term and standardized response strategy, and continuously improve the capacity of dealing with trade disputes.

B. Pay Attention to the Process of Trade Dispute Settlement and Find a Balance Acceptable to Both Parties

Even in response to the arrogant Sino-US trade frictions, it is necessary to promote negotiations and take cooperation and consultation as a rational solution to trade retaliation. Once trade friction occurs, the response strategy generally involves three steps: firstly, based on consultation and settlement, researching the basis of mutual trust, exchange conditions and acceptable balance points. Secondly, we should prepare for litigation on case that negotiation failed, trust and make good use of Dispute Settlement Mechanism of WTO and regional agreements and cooperate with the investigation. Thirdly, remedial measures must be taken after the implementation of the final determination. It is necessary to fully recognize the complexity, long-term and repetitive nature of dispute determination. For the status quo of democratic countries affected by political lobbying of parliamentary interest groups, there must be long-term preparation and phased remedial measures. For cases that may affect future development, we should try to prevent it. For example, the US-Canada Softwood Lumber Dispute Case had a time span of 35 years. The case and determination will be repeated at any time. If there was no countermeasure in the process, lost could arise even you win the case.

C. Employ the Multilateral Trading System and Regional Dispute Settlement Mechanism

Faced with specific and frequent trade frictions, efforts to resolve conflicts during the negotiation phase may not be valid as expected. In the future, we should employ the WTO dispute settlement mechanism to deal with trade friction. In the case of the US-Canada Softwood Lumber Dispute, Canada had repeatedly appealed to the WTO for dispute settlement, and each time it won, which got increased bargaining chips and guarantees. When negotiating multilateral and bilateral regional economic integration agreements, a reasonable and effective dispute settlement mechanism should be formulated, and this mechanism should be used to resolve trade frictions among members. At present, the Belt and Road Initiative was proposed by China, although without institutional arrangement agreement, it is a good opportunity to establish dispute resolution mechanisms and measures (bilateral or multilateral) among the economies along the line to avoid complicated and expanded trade dispute resolution. The efficiency of dispute settlement will safeguard China’s trade interests, and hence promote the implementation of the “Belt and Road”.

D. Actively Utilize Existing Dialogue Mechanisms to Promote Dispute Resolution Through Dialogue

Taking Sino-US trade friction as an example, due to the multi-faceted intertwined issues, the economic and trade relations between the two countries are complicated. And the strong uncertainty of Trump’s trade and foreign policy has made many trade issues unpredictable. Bilateral trade friction is not only the result of China’s industry rising and trade escalating, but also the result of the narrowing of the international status of China and the United States and the repositioning of the international order. At present, the American business community is dissatisfied with Chinese companies to obtain more benefits. We should listen to their opinions carefully. On the one hand, we will actively use and build bilateral negotiation platforms, resolve disputes through dialogue, and explore new cooperation possibility through negotiations, and strive to solve problems between Chinese and American industries and enterprises on these platforms and frameworks. On the other hand, China could advocate U.S. government officials to resolve issues between the two sides through existing high-level dialogue channels, such as the China-US Joint Trade and Commerce Commission, the China-US Strategic and Economic Dialogue, and the China-US Intellectual Property Cooperation Dialogue.

E. Actively Expand Imports to Promote Balanced Development of Foreign Trade and Diversify Export Market Structure

China’s consumption has continued to escalate, the industrial development has been steadily increasing with the consistent growth of domestic demand. Both imports of consumer goods and investment products have huge growth potential. In the next five years, the scale of China’s merchandise imports is expected to reach US$8 trillion. Take the example of Sino-US trade friction, due to the long-standing significant trade imbalance, it is easy to arouse the dissatisfaction of all levels of American society and reduce our bargaining power in the negotiations. From the perspective of China’s macroeconomic balance, reducing the large surplus is beneficial to the healthy and stable development of the economy. From the perspective of the sound development of Sino-US relations, a reasonable reduction of the trade surplus with the United States will help China to seize the initiative of China-US economic and trade relations. China should demonstrate an attitude of actively sharing development opportunities with countries around the world, actively expand imports, and sustainably open up markets to the world. Furthermore, China should prompt foreign trade enterprises to actively adapt to the diversified needs of the market, explore new modes of trade and foster new impetus for international trade.
F. Further Deepen Reforms and Promote the Opening-Up In the New Stage to Resolve International Trade Frictions

Based on the needs of deepening economic structural reforms, we will resolve international trade frictions by promoting new opening measures. We will expand the opening-up of the manufacturing industry, strengthen the integrating with internationally accepted economic and trade rules, substantially relax the restrictions on market access, and fully liberalize general manufacturing, including equity restrictions. And China could open up in some areas of the service industry and implement a national treatment plus negative list management model. For instance, we could promote the opening-up of the financial industry and relax or remove the restrictions on foreign shares of banks, securities, funds, futures, and financial asset management companies. Moreover, we should improve property rights protection, especially intellectual property protection.

VI. CONCLUSION

As what we discussed in the paper, China is facing a severe anti-dumping situation worldwide and suffering from increasing number of trade remedy investigations and final determinations. With an upgrading confrontation between China and the United States recently, China should figure out some solutions that include employing the multilateral trading system and regional dispute settlement mechanism and deepening reforms and promote the opening-up in the new stage to resolve international trade frictions, etc.

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