

The Causes and Solutions of the China-US Trade War

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Abstract: In recent years, with the continuous development of the global economy and the deepening of the globalization process, the international trade pattern is undergoing major adjustments. Among them, the trade relationship between China and the US, the two largest economies, has been the focus of attention. However, the recent outbreak of the China-US trade war has brought great uncertainties and challenges to the global economy, and the strategic analysis to solve the China-US trade war is also the core content of this study. We need to explore the possibility and difficulty of appealing to the World Trade Organization, and the possibility and challenge of pursuing bilateral negotiations. In addition, we need to consider third-party arbitration mechanisms in the China-US trade war, with a view to finding effective ways to resolve trade disputes. The purpose of this study is to explore its impact on the two countries and the global economy through an in-depth analysis of the China-US trade war, and to provide references for the resolution of the China-US trade war.

Keywords: China-US trade war, impact, solution, bilateral dialogue, negotiation

1. Introduction

As the world's two largest economies, the trade relationship between China and the US is closely linked to the global trade pattern. As each other's largest trading partner, China and the United States are highly interdependent in their investment and industrial chains. However, due to the escalating trade friction between the two sides, the trade friction between the two sides has become a trade war of unprecedented scale. There are many complicated reasons and factors behind the China-US trade war, such as the US trade deficit, the technical conflict between China and the US, and the pressure of the US internal policy. This study will conduct an in-depth analysis of these problems, in order to fully grasp the nature and impact of the China-US trade war, and find effective countermeasures to solve the China-US trade war. Through the in-depth study of these issues, we can provide valuable references and Revelations for future international trade cooperation.

To sum up, this study aims to analyze the ways and strategies to resolve the China-US trade war, explore the impact and challenges brought by the trade war in depth, and provide references for relevant countries to resolve trade disputes. The significance of this study is to provide inspiration for international trade cooperation and promote the global economic development and the stability of the trade system. Through this study, we hope to provide important theoretical and practical guidance for the international community to play an active role in resolving the China-US trade war.

2. China-US trade war

2.1. Current economic interdependence between China and the US

The economic interdependence of China and the US[1] is an aspect that cannot be ignored in the context of the China-US trade war. Over the years, China and the US have gradually deepened their cooperation and exchanges in the economic field, and the scale of China-US trade has expanded year by year. China and the US have conducted economic cooperation through cross-border investment, joint ventures and other forms to achieve mutual benefit and win-win results. This mutually beneficial economic relationship has created real economic development opportunities for both countries. Moreover, in the context of globalization, China and the US have become more interdependent economically. As important pillars of the global economy, the economic relations between China and the US have also attracted global attention. The economic interdependence of China and the United States is not only a reflection of the economic interests of both sides, but also an important guarantee for global economic stability. The outbreak of the trade war between China and the US has not only had a profound impact on the two economies, but also brought a huge impact on the global economy.

This interdependence has made China and the US indispensable in trade and economic cooperation, and their mutual interests are closely linked. The outbreak of the trade war between China and the US has had a serious impact on both sides and the global economy, which also highlights the importance of economic interdependence between China and the US. Only through cooperation and win-win results can we achieve sustainable economic development [2].

2.2. The causes of the China-US trade war

2.2.1. The US trade deficit

The trade deficit of the United States is one of the important reasons for the outbreak of China-US trade war. Since the 1990s, the US trade deficit has remained high, gradually forming a trade imbalance between countries [3]. According to the Office of the United States Trade Representative, from 2000 to 2018, the US trade deficit grew from \$380 billion to \$621 billion. This has kept the US trade deficit with China high and has become the focus of attention of the US government and people, so in 2018, the China-US trade war broke out [4].

The growing US trade deficit has brought about a series of negative effects on the US economy. On the one hand, the massive trade deficit makes the US lose the competitiveness of many industries, especially in the manufacturing field. The loss of manufacturing in the US has led to a large number of workers losing their jobs and a serious imbalance in the industrial structure. On the other hand, the US trade deficit has also seriously affected the stability of the US dollar exchange rate. The trade deficit means that the US needs to buy a lot of foreign currencies, which in turn leads to the depreciation of the dollar, which affects the international economic status of the US.

Due to the long-term existence of the trade deficit problem, the US government has been taking a series of trade protection measures against China. These include raising tariffs on Chinese goods, restricting Chinese companies' outbound investment and imposing trade restrictions on Chinese companies. However, instead of resolving the trade deficit, these measures have led to trade disputes and confrontations between China and the US.

In addition to economic factors, the issue of the US trade deficit also involves certain political considerations. The US government believes that the trade deficit causes a large number of American industries to lose their jobs, which directly affects American workers and the job market. This provides political justification for the US government to pressure China to take more trade-balance measures.

Despite continued pressure from the US on its trade policy towards China, the trade deficit problem persists. The trade deficit has become one of the core issues in the China-US trade war, and the crisis has further exacerbated trade tensions between the two countries. In order to solve the trade deficit, China and the US need to strengthen communication and consultation to promote the balance and development of global trade. Only through cooperation and win-win results can the long-term stable and healthy development of China-US trade be achieved.

2.2.2. Technology conflict between China and the US

The outbreak of the China-US trade war stems from the technological conflict between China and the US. Technology has an important impact on the development of modern economy, and is a key factor in promoting national economic competitiveness and innovation and development. As the world's leading countries in science and technology and economy, China and the US are interdependent in the field of technology. However, due to the issues of benefit distribution, competition and security involved in technological innovation, the technological conflict between China and the US has gradually escalated, becoming one of the important reasons for the outbreak of the trade war.

There is competition and competition between China and the US in the field of high-tech [5]. Both China and the US are committed to becoming global leaders in scientific and technological innovation. In particular, China's "Made in China 2025" plan and its "National Big Data Strategy" are strategic plans, which the US believes have problems such as technology theft and unfair market access, which not only pose threats to China's development, but also pose challenges to US competitiveness.

Second, there are issues of technology transfer and intellectual property protection between China and the United States. In China-US trade, US companies transfer manufacturing to China to reduce production costs. However, for US companies, technology transfer with China and intellectual property protection issues have become important constraints on their business in China. The US believes that China has failed to effectively protect intellectual property rights and infringed on the interests of American companies. China, on the other hand, sees the US as bullying in the technology transfer process and harming China's legitimate rights and interests.

The technology conflict between China and the US is also related to national security. Technology is of great strategic significance in modern warfare and national competition. Both China and the US are trying to maintain a leading position in key technological fields to enhance their security capabilities and international voice. However, in some key areas, such as artificial intelligence and 5G[6] communications, the competition between China and the US has become particularly fierce. Fearing that China's technological rise could threaten its own national security, the US has taken a series of measures such as restricting technology exports to China and clamping down on Chinese high-tech enterprises. China, on the other hand, has responded strongly to the US restrictions and repression by stabilizing and improving its technological strength.

To sum up, the technological conflict between China and the US is one of the important reasons for the outbreak of the trade war. Issues such as competition, transfer, protection and security are intertwined, forming conflict points that cannot be ignored in international trade. This has also created new uncertainties [7]and challenges for the global economy. In the face of the complex situation of technological conflicts, China and the US need to find a way to solve the problem through dialogue, cooperation and compromise to maintain economic stability and sustainable development.

3. The significance of resolving the China-US trade conflict

3.1. The impact of the China-US trade war on China's economy

The trade war has had a profound impact on the economic development of China and the US. First, the impact of the China-US trade war on China's economy is obvious. As the world's largest

manufacturing country, China has become the main victim in the trade war. China's exports have taken a big hit as the US has imposed tariffs on Chinese goods. In addition, China's economic growth has been curbed by the drop in global demand caused by the trade war. The Chinese government has had to take a series of measures to stabilize the economy [8], including lowering tax rates and increasing support, to mitigate the impact of the trade war on the Chinese economy.

However, the trade war has forced the Chinese government to [9] reduce external dependence by promoting economic structural transformation and strengthening the capacity of independent innovation [10], so as to lay a solid foundation for the sustainable development of the Chinese economy. At the same time, the trade war has also prompted China to deepen reforms [11], promote market opening and reduce government intervention.

3.2. The impact of China-US trade war on the US economy

At the same time, the trade war between China and the US has also had a certain impact on the US economy. First of all, the imposition of tariffs has made Chinese goods more expensive for US consumers, which in turn has led to a decline in consumers' purchasing power, which has had an impact on the US retail industry. Secondly, the trade war has increased the cost of raw materials needed by the US production and export industries, and brought additional burdens to US local enterprises, leading to the decline of the US manufacturing industry [12]. Moreover, the trade war has made investors more worried about the prospects of the US economy and increased market uncertainty, which has further restrained the US economic growth.

However, the trade war has made the US government realize that the effect of resolving trade issues through tariffs alone is limited, and the US has begun to seek more cooperative ways to solve the problem. To some extent, this can prompt China and the US to strengthen communication and promote a more stable and sustainable trade relationship.

3.3. The impact of the China-US trade war on global trade

The trade war between China and the US has had a huge impact on the global economy. First, the trade war between the two largest economies of China and the US has not only directly affected the economic development of the two countries, but also created uncertainty and turbulence in the global trading system. The trade conflict between China and the US has led to [13] rising tariffs and increased trade barriers, seriously hindering the unimpeded flow of global value chains. In the context of globalization, international trade is closely linked to the economies of various countries, so the adverse impact of the China-US trade conflict will be transmitted to other countries and regions.

The global market has also had a notably negative reaction to the trade war. Due to the huge size of the two economies, the trade war between China and the US has caused widespread concern and uncertainty in global markets. Global stock and currency markets have fluctuated wildly and investor confidence has been shaken, leading to increased risks to the outlook for global economic growth.

In addition, the trade war between China and the US has raised concerns about protectionism [14] in other countries. With the introduction of the "America First" policy by the US, many countries are considering adopting more protective trade policies in an attempt to deal with potential trade war risks. This has further weakened the driving force for global trade liberalization, leading to tensions and instability in the global trading system.

All in all [15], the China-US trade war has dealt a major blow to the global economy. The trade war has not only caused economic losses between China and the US, but also adversely affected the global trading system. Heightened uncertainties and risks in the global market have led countries and international organizations to express concerns about the trade war. Only through international

cooperation and dialogue can countries work together to resolve trade disputes and achieve a more stable and prosperous global economy.

4. Countermeasures to resolve trade conflicts between China and the US

4.1. The possibility and difficulty of filing a complaint with the WTO

The possibility and difficulty of appealing to the WTO is an important strategy for resolving the China-US trade war. The WTO [16] is an important part of the global trading system, whose goal is to promote free, fair and predictable international trade through rules and mechanisms. As the China-US trade war has dealt a severe blow to the global economy and trade order, filing a complaint to the WTO has become an option for resolving disputes.

The possibility of filing a complaint against the WTO lies in the fact that it provides a legal dispute settlement mechanism for member countries. According to the provisions of the Trade Protocol, any member country can lodge a complaint in a trade dispute with the WTO. Once the complaint is accepted, the WTO will form a panel [17] to consider the dispute and make a ruling. Such a mechanism provides a legal way to resolve the trade war between China and the US, helping to prevent the two sides from escalating the dispute and further affecting global trade.

However, filing a complaint with the WTO also faces some difficulties. First, WTO rulings need to go through a series of procedures and take a longer time, which may lead to less efficient dispute settlement [18]. For disputes as large as the China-US trade war, a more rapid and efficient resolution mechanism is needed. Second, the acceptance of WTO rulings by both sides is also a challenge. If one of the parties is not satisfied with the outcome of the ruling, it may take other means to continue the fight, thereby prolonging the time to resolve the dispute.

Therefore, appealing to the WTO is only one strategy for resolving the China-US trade war, and its possibility and difficulty need to be weighed. Although the WTO has certain advantages, it may not be possible to fully resolve the complex issues of the China-US trade war by relying on the WTO alone, and other channels and ways need to be explored to promote a mutually beneficial and win-win solution for both sides. Only in this way can the problems caused by the China-US trade war be resolved in a more comprehensive way and the steady development of global trade be promoted.

4.2. Explore the possibilities and challenges of bilateral negotiations

Pursuing bilateral negotiations is one possibility to resolve the China-US trade war, however, it also faces a series of challenges.

First, bilateral negotiations require both sides to reach a consensus and be willing to discuss and compromise on trade issues. However, the confrontational and tense atmosphere of the China-US trade war has increased the obstacles of difficult communication and negotiation between the two sides. With both sides sticking to their own interests and positions, it is difficult to find a balance. Moreover, due to the differences between China and the US in their systems, cultures and development models, bilateral negotiations will face conflicts of ideas and interests, adding to the difficulty of reaching consensus.

Bilateral negotiations need to establish a viable negotiating framework and mechanism [19]. In the China-US trade war, the two sides have held multiple rounds of negotiations, such as the 2019 Beijing talks and the 2019 Washington talks. However, no substantive progress has been made in these talks, and differences and disputes between the two sides remain. Resolving these differences and disputes requires a sound framework and mechanism for negotiations, including identifying topics, establishing working groups and setting a timetable. However, the mistrust and sense of competition between China and the United States may make it difficult to reach a negotiating framework.

In addition, bilateral negotiations need an impartial, independent and credible mediator or mediation body to facilitate the smooth progress of negotiations. In the China-US trade war, both sides accuse each other of unfair and illegal practices and shift the blame onto the other side. In such a situation, who will act as the mediator has become a key issue. On the one hand, the parties can seek the help of third parties, such as international organizations, international courts or arbitration institutions; On the other hand, the two sides can also settle the dispute by setting up an independent arbitration institution. No matter which method is adopted, the impartiality, independence and credibility of the mediator are crucial to ensure fair and effective negotiations.

Pursuing bilateral negotiations is one possibility for resolving the trade war between China and the US, but it faces challenges. The two sides need to overcome their differences and disputes, establish a viable negotiating framework and mechanism, and find an impartial, independent and credible mediator. Only through the joint efforts and compromises of all parties can the China-US trade war be resolved.

4.3. Third-party arbitration mechanism in the China-US Trade War

The third-party arbitration mechanism plays an important role in the process of resolving the China-US trade war.

The third-party arbitration mechanism is efficient in operation. Compared with bilateral negotiations, third-party arbitration mechanisms can resolve and award issues more quickly. Unlike the lengthy process of consultation and negotiation, arbitration mechanisms focus on time efficiency and adopt various procedures and regulations to ensure that awards are made expeditiously.

At the same time, third-party arbitration mechanisms can provide a neutral and fair judgment. In the China-US trade war, the two sides may have problems such as high litigation costs and unfair handling of disputes. The third-party arbitration mechanism, as an impartial body, does not take sides to ensure a fair settlement of disputes.

In addition, the third-party arbitration mechanism has professionalism and expertise. When it comes to resolving disputes in the China-US trade war, the arbitration institutions have first-class economic, legal and trade experts. The combination of these expertise and professional capabilities enables the third-party arbitration mechanism to better understand and resolve disputes [20] and provide scientific and reasonable solutions for both China and the US.

In the process of settling the trade war between China and the US, the third-party arbitration mechanism plays a role that cannot be ignored. Its efficiency, neutrality and professionalism provide an effective way to resolve disputes. Given the advantages of the arbitration mechanism, China and the US can actively explore and make use of this mechanism to make greater efforts to resolve the trade war and maintain the global trade order.

5. Conclusion

Through an in-depth analysis of the China-US trade war, this study explores its current impact on the economic interdependence of the two countries. Then, it further analyzes the causes of the China-US trade war, including the US trade deficit, the technological conflict between China and the US, and the internal policy pressure of the US.

In the study, it is found that the China-US trade war has a negative impact on the economies of the two countries and the global economy. First, the trade deficit has further worsened, putting economic pressure on both China and the US. Second, investment has slowed and corporate profits have fallen, leading to slower economic growth. In addition, the trade war has also led to instability in the global economy, and many countries and regions have also been affected. These negative effects show that the China-US trade war poses a major challenge to the development of global trade and economy.

At the same time, through the analysis and research of the China-US trade war resolution strategy, this study draws a series of important conclusions. First, resolving trade disputes through bilateral dialogue and consultation can effectively reduce the negative impact and create good opportunities for bilateral relations and global economic development. Second, while filing a complaint with the WTO is a way to resolve trade disputes, there are also difficulties and challenges. The two sides need to overcome various resistance and pressure to find a peaceful solution. In addition, the third-party arbitration mechanism in the China-US trade war can also be used as a dispute resolution strategy, but it needs to be explored and applied on the premise of safeguarding fairness and effectiveness.

Although this study has made some progress in exploring solutions to the China-US trade war, there are still some shortcomings. First of all, the discussion of the China-US trade war settlement strategy is not deep enough, and needs to be further refined and improved. Secondly, this study is still lacking in empirical analysis, which lacks the support of a large number of actual cases. Therefore, future studies can further strengthen data collection and empirical research to improve the accuracy and reliability of the study.

Based on the above research deficiencies and future research directions, this study puts forward the following suggestions. First of all, the future research can learn from the experience of other international trade dispute settlement, combined with the characteristics of China-US trade war, to find more targeted and feasible settlement strategies. Secondly, future studies can further strengthen the research on the impact and follow-up measures after the settlement of the China-US trade war, so as to provide more accurate references for relevant countries to make policies and decisions.

To sum up, the resolution of the China-US trade war is a complex issue that requires multi-party cooperation and joint efforts. The study aims to provide reference for relevant countries to resolve trade disputes and provide inspiration for international trade cooperation. Although this study has certain limitations, it is believed that through further research and practice, it can promote the settlement of the China-US trade war and promote the healthy development of global trade.

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