

The Impact of Sino-US Trade Friction on China's Manufacturing Industry

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Abstract: Against the backdrop of rapid economic development and globalization, the trade environment for China's manufacturing industry to integrate into the global value chain has undergone changes. The trade frictions between China and the United States have escalated from time to time, and how to face the challenges has become a major issue. Based on the background of trade frictions between China and the United States, this article first introduces the current development status of China's manufacturing industry, and then conducts an in-depth analysis of the changes in international and domestic market demand for China's manufacturing industry. Secondly, it analyzes the part of the Entity List of the China-United States trade war that affects the Chinese market, and analyzes the impact of Sino-US trade friction on the integration of China's manufacturing industry and the global value chain. Finally, some suggestions are put forward for the Chinese manufacturing industry to cope with trade frictions between China and the United States, providing strategies for industry protection and the path to achieve the transition of the manufacturing industry in the global value chain.

Keywords: trade friction, manufacturing development, economic effects

1. Introduction

With the continuous development of today's era, the factors of competition between countries mainly focus on politics, economy, and culture, among which economic competition is an eternal and important topic. After the reform and opening up, China's economic development speed has skyrocketed, and its position in the world has become increasingly high. As a very important economic entity in the world, China and the United States have greatly promoted their development through trade exchanges. However, the use of the US dollar as a means of international settlement and other factors such as international division of production have caused the United States to maintain a sustained trade deficit imbalance.

The ongoing friction between the two countries in protecting and competing for their own interests is due to the resurgence of trade protectionism in the United States and the adoption of strategic confrontations against China, among other complex factors. The trade friction between the two countries not only brings disadvantages to the development of both sides, but also has a huge impact on the global manufacturing landscape. The focus of this article is on the impact of trade frictions between China and the United States on China's manufacturing industry, which is closely related to

the development of the manufacturing industry. The trade war between China and the United States has the greatest impact on the manufacturing industry.

The article uses literature analysis to elaborate on the relationship between trade wars and manufacturing, and introduces the current development status of China's manufacturing industry. Subsequently, the impact of the international economy on manufacturing costs was analyzed, and the specific impact of trade wars on China's manufacturing industry was analyzed in detail, as well as the specific countermeasures and suggestions that China should take.

2. The Current Development Status of China's Manufacturing Industry

2.1. Enhanced Comprehensive Strength

The comprehensive strength of China's manufacturing industry continues to improve, the scale advantage continues to consolidate, the advantages of system integrity become more prominent, and the product competitiveness is significantly enhanced. The improvement of the comprehensive strength of the manufacturing industry has effectively consolidated the foundation of China's real economy. Policy support helps to achieve the rapid landing and production of major projects, and create a group of internationally competitive advanced manufacturing clusters. Improve the basic environment of the central and western regions and Northeast China, actively undertake industrial transfer in the eastern region, and expand the scale of foreign investment inflows. Overall planning of the industry, strengthening regional coordination and cooperation, preventing excessive investment and homogeneous competition between regions, accelerating the governance of Zombie Company, eliminating backward production capacity, optimizing the supply and demand structure of social products, and enhancing the vitality and strength of market players [1].

2.2. Improvement of Supply System Quality

The continuous improvement of the comprehensive strength of the manufacturing industry is mainly reflected in the continuous consolidation of scale advantages, more prominent advantages of system integrity, and significantly enhanced product competitiveness. At present, China has established a modern industrial system with complete categories and independent integrity. The intensity of R&D investment in China's manufacturing industry has also significantly increased. The government has increased policy support for innovation, promoted the coordinated development of scientific and technological innovation and industry, promoted the precise integration of innovation and industrial chains, educated and introduced innovative talents, and cultivated a good innovation ecosystem.

2.3. Rapid Upgrading of Industrial Structure

The scale of China's manufacturing industry is steadily growing, its structure is continuously optimized, and supporting services are also improving day by day. Commodity exports have spread throughout the world, and their position in international division of labor continues to rise. The quality and efficiency of development have significantly improved. It has vigorously promoted national industrialization and modernization, and significantly enhanced the country's Comprehensive National Power and global influence. Continuously increasing the contribution share of innovation to the development of the manufacturing industry, the "gold content" of manufacturing development is full of color.

Following the trend of green and environmentally friendly development and actively adjusting the manufacturing industry structure is currently a focus of attention in China. Accelerate the construction of green products, green parks, and green supply chains, and accelerate the construction of a green manufacturing system. Vigorously support the upgrading plan for energy conservation and carbon

emissions reduction in high energy consuming industries, strengthen the application of low-carbon emission reduction technologies, promote the development of environmental protection services, improve the energy conservation and environmental protection level of the manufacturing industry, and form a green production mode of manufacturing. Emphasizing the comprehensive transformation and upgrading of traditional industries with new technologies and formats, implementing the action plan to enhance the core competitiveness of the manufacturing industry, effectively promoting the industrialization of key technologies, and improving the level of industry processes, equipment, and intelligence [2].

3. Analysis of the Impact of the Entities List on Manufacturing

3.1. Reduction in Product Export Quantity

The United States is one of China's largest export target markets, but with the intensification of the trade war, the United States has also taken a series of measures - imposing tariffs. This action greatly undermines the price advantage of Chinese manufacturing products in the US market and poses a clear threat to Chinese manufacturing products. The decrease in export volume directly affects the profits of many enterprises and has an irreversible negative impact on the industry.

It is very intuitive to see from the Line chart data that the export volume of China's manufacturing industry has been weakened. The three Basis point of China's economic growth include "exports". The target market for manufacturing exports is mostly the US market. Because the development of the US economy focuses on the fields of technology and services, China has made up for its shortcomings and occupied a large share of the US market. The product types of goods exported by China are concentrated in labor-oriented industries such as toys, textiles, and furniture, with a scale of approximately one-third of the total scale. In summary, the United States' imposition of tariffs on China will have a negative impact on the export of Chinese manufacturing products [3].

3.2. Causing Deterioration of the Investment Environment

The trade war has led to a deterioration of the investment environment, affecting foreign investment and market confidence. Foreign direct investment is one of the important sources for the development of China's manufacturing industry. Due to the impact of trade wars, the trend of foreign investment entering China has changed. Foreign enterprises are unwilling to invest in China's manufacturing industry, which is not only limited to American enterprises, but also includes enterprises from other countries. Trade wars may lead companies to reconsider their supply chains. This may lead some enterprises to choose countries for manufacturing and trading again. This approach greatly undermines the confidence in the development of China's manufacturing industry [4].

After the Sino-US trade friction, most companies in China are still weighing risks and benefits, and are in a wait-and-see stage. The risk awareness of foreign-funded enterprises will reduce their willingness to invest in China and limit their business development in China. Given that foreign-funded enterprises often have a global production layout and management mindset, they typically focus their production processes around the world to reduce production costs. In order to better utilize global resources and continue to maintain production and management advantages, some enterprises will re measure costs and benefits. The risks brought by trade friction and the expected increase in labor and other factor resources costs are all within their consideration.

Watching or reducing investment will have an impact on enterprises with high dependence on foreign trade.

3.3. Increase the Cost of Raw Material Procurement

The continuous increase in tariffs has led many companies headquartered in the United States to relocate their production lines from China to cheaper countries or regions with more favorable tax rates. Of course, sometimes a small number of companies directly establish their processing plants in the United States. The increase in various costs not only suppresses the development of Chinese manufacturing manufacturers, but also slows down the development speed of the manufacturing industry. Long term repeated trade wars will make China in economic transition fall into the “Middle income trap”.

3.4. Weakening the Competitiveness of the Target Market

With the continuous escalation of the trade war, the United States has restricted the entry of some Chinese products into the US market, while also searching for other suppliers. This will lead to a decrease in demand for Chinese manufacturing in the US market, a decrease in market share, and the loss of market competitiveness for enterprises. In the foreseeable future, the United States will also continue to take measures to restrict Chinese products from entering the world market, which will exacerbate the severity of the problem.

4. Analysis of China’s Countermeasures and Effects

4.1. Enhancing International Cooperation

In the tense state of trade relations between China and the United States, Chinese export enterprises should better grasp their own development efforts and be more proactive in developing and expanding overseas markets to reduce their dependence on US trade.

The economic and trade brought about by the Belt and Road will be an important step for Chinese enterprises to promote the market diversification strategy, and it can also help export enterprises to open up markets, which to some extent will adjust the impact of China in the China-United States trade war. To some extent, alleviate trade frictions between China and the United States. Attempting to establish harmonious trade relations with other trade friendly countries has also become very important. China has established trade relations with other countries with an open and friendly attitude, such as becoming closer partners with countries along the “the Belt and Road” to achieve the goal of common development and progress. The significance of China’s development of new cooperative partners can not only establish a good national image, but also enhance its national position on world platforms. It can also establish and promote cooperation opportunities outside of the United States to promote sustainable economic development.

Jointly promoting the common development of the global economy, driving the expansion of markets in more countries, and stimulating the development potential of different countries can all provide a more stable and beneficial environment for the stable development of the Chinese economy [5].

4.2. Adopting ‘Reciprocal Countermeasures’

A trade war will not only bring losses to the economies of China and the United States, but also have a serious impact on global economic cooperation and development. China’s adoption of reciprocal countermeasures is aimed at maintaining the international free trade system. China’s countermeasures are both a response and a statement, indicating that China will not passively accept actions that harm its own rights and interests. At the same time, it also demonstrates China’s willingness to resolve trade disputes through consultation and negotiation, thereby promoting global economic cooperation

and development. So China's decision to adopt reciprocal countermeasures is a necessary measure, which is conducive to safeguarding the interests of the country and people, promoting global economic cooperation and development, and also promoting dialogue and cooperation between China and the United States.

Consultation and negotiation are established on the basis of equality and mutual respect, which are positive methods for resolving differences of opinion. Any Unilateralism or deception will further escalate the contradiction, and will also adversely affect the interests of both parties [6,7].

4.3. Adjusting the Direction of the Export Market

Through opening up, China has actively introduced foreign capital, advanced technology, and international markets, which has provided a strong driving force for economic development. As the world's largest trading country, China is now the largest trading partner of more than 120 countries and regions, including the United States. China must not slow down its pace of opening up because of the China-United States trade war, but should further open up and make full use of both domestic and foreign markets.

To strengthen the construction of the "southward channel", this project connects the trade arteries of western China, ASEAN and Europe, promotes the planning docking, resource development, industrial adjustment and trade exchanges of countries along the line, provides a new platform for promoting the construction of the China ASEAN Free Trade Area, builds a new channel pattern between Western China and ASEAN countries, and forms an organic link between the "Belt and Road". The regions along the route should accelerate the interconnection of software and hardware, promote customs clearance facilitation, and focus on the construction of two-way logistics channels, driven by international supply chain cooperation, to form a new highland for regional cooperation.

5. Suggestions

5.1. Accelerate Core Technology Research and Development

Core components are a part of the overall level and core competitiveness of national and regional manufacturing industries, and are an important part of industrial manufacturing. The localization of key components still needs to strengthen policy support and improve industrial development. The improvement of the localization ability of key components is an important direction for the development of China's manufacturing industry. China should strengthen technological research and development, enhance its independent innovation capabilities, improve its technological level, and strengthen industrial chain collaboration. Improve overall efficiency and enhance the development of the manufacturing industry. At the same time, strengthen international cooperation to enhance international competitiveness, continuously promote the research and development process of key component localization capabilities, and promote the transformation, upgrading, and sustainable development of the manufacturing industry.

5.2. Strengthen Domestic Market Construction

One of the important reasons for the current trade friction between China and the United States is that China has a high degree of trade dependence on the United States, which has become an important basis for the US government to sanction China. Chinese enterprises should seize the opportunity [8].

Developing the real economy is the foundation of a country's economic growth. In the face of the China-United States trade war, China should stick to the real economy. Improving innovation level is a powerful driving force for economic transformation and upgrading, stimulating demand to drive the domestic market and stimulate consumption potential. The continuous improvement of

consumption level and hierarchy can allow the economic market to enter a large number of new blood, and at the same time, there is an improvement in the living standards of the domestic people. In summary, the trade friction between the two countries has not only brought about negative impacts but also many positive opportunities that are beneficial for economic and market development.

5.3. Strengthening the Construction of the Multilateral Trading System

China has always supported the multilateral trading system and opposed Unilateralism and protectionism. In the trade war, China should continue to strengthen the construction of the multilateral trading system, promote free and fair trade, and promote global economic prosperity and stability [9].

From the perspective of the China-United States trade war, China's trade policy has already shifted to import and export balance, and increasing imports is shifting from some enterprises to national trade strategies. Improve international trade level to adjust industrial structure and make China a more friendly and competitive market. The Chinese economy is an export-oriented economy, a market economy, and a developed commodity economy. It values and has the ability and space to resolve trade deficits with other countries and regions.

History has repeatedly proven that closure can only lead to a dead end, and only through open cooperation can the road become wider and wider. Great powers bear important and special responsibilities in this regard. Cooperate in openness and seek win-win results through cooperation, playing a positive role in bringing a bright, stable, and beautiful future to the world, and making more constructive contributions.

5.4. Strengthen the Protection of Intellectual Property Rights

The dispute over intellectual property has always been an important topic [10]. Many data and cases show that the protection mechanism for intellectual property rights in China is very lacking and lacking. In the current state of social development, China urgently needs to improve the protection of intellectual property rights to protect the rights and interests of local enterprises. On this basis, simultaneously adopting policies and mechanisms to retain, cultivate, and attract talents. The country has introduced policies to encourage technological innovation and prevent the occurrence of plagiarism from others' works. We will vigorously support innovative enterprises in finance, taxation and finance, and constantly improve the intellectual property mechanism in terms of policies. Let intellectual property culture gradually become the focus of social attention.

6. Conclusion

The continuous trade frictions between the two world powers, China and the United States, have an immeasurable impact on the world economy. The trade friction between China and the United States is a product of rapid economic development. Countries should actively face the problems that have already arisen, avoid the impact of a prolonged trade war on global industries, and work together to maintain the development of the world economy and the trading system. Although trade frictions have had an impact on China's manufacturing industry, they also provide a good opportunity for China to participate in international organizations and formulate rules. We hope that China can seize the opportunity and be prepared to face the challenges.

The trade friction between the two countries will also affect most countries in the world. Due to the trade protection policies adopted by the US government, many countries may reduce their trade intensity and even adopt the same trade protection measures as the United States. The decline of the world economy is inevitable. The impact of trade wars on the world economy continues to deepen,

and the lack of coordination mechanisms further complicates the tense relationships between countries.

In order to maintain stable development in China in the coming decades. For the peace, prosperity and development of the Community of Common Destiny. China should update and adjust its foreign trade strategy in a timely manner, and maintain a stable and positive state in seeking opportunities. Strengthen multifaceted communication and exchange with other countries, work together to address the negative impact of trade frictions among powerful countries, and maintain the goal of long-term global economic stability and prosperity.

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