

A Study on China's Food Trade Dilemma and Solutions from the Perspective of Sino-US Trade Friction

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Abstract: With the escalation of Sino-US trade frictions, China has taken counter-measures to impose tariffs on agricultural products. Therefore, from the perspective of Sino-US trade frictions, the author studies the predicament of China's grain trade and the way to solve it. Based on the analysis of the development trend of global and American food trade, the gap between China and the United States, and the shortcomings of China's food trade, some suggestions are put forward to promote the development of food trade from the perspective of financial and foreign exchange policies. Studies have shown that Sino-US trade frictions are deeply influenced by US interest groups, friction between heterogeneous industries, development toward mixed friction, leaving the mark of US decision-making mechanisms, and Sino-US trade frictions with third-party factors.

1. Introduction

Since the reform and opening up, China-US economic and trade relations have become increasingly close, and so far have grown into the world's most influential and largest bilateral trade relationship [1]. Since 2018, the Sino-US trade frictions initiated and promoted by the United States have been escalating. The biggest impact and shock of this round of friction on us is the US Department of Commerce's statement on April 16, and the United States has implemented ZTE for 7 years. Export ban [2]. From the specific progress of trade friction, the Sino-US trade war is not a short-term problem, but will be a long-term process [3]. China should properly cope with the negative impacts of trade frictions and improve the economic development by improving the structure of foreign trade goods, opening up diversified export markets, enhancing independent innovation capabilities, establishing trade friction early warning mechanisms, and rationally applying WTO trade dispute settlement mechanisms. Pattern [4]. On October 7, the U.S. Department of Commerce announced an anti-dumping and countervailing duty investigation into seamless steel tubes imported from China. Due to the increasing trade deficit with China, the net outflow of advanced technology products from the United States and the rising unemployment rate, trade friction between the two countries has repeatedly occurred, which has become the focus of attention [5]. To this end, since March 2018, the United States has gradually upgraded its trade sanctions against China: on the one hand, it imposes high tariffs on imported products from China, on the other hand, it restricts the investment of Chinese enterprises in the United States.

In recent years, trade protectionism has prevailed, and the United States has continued to take 232 measures, 301 investigations and 337 investigations [6]. In 2017, the United States imported 130.37 billion US dollars into China and exported 505.59 billion US dollars. The trade deficit reached 375.22 billion US dollars, accounting for 47.1% of the total trade deficit of the United States. Now with the continuous development of economic globalization, whether in the world or in China, the status and role of grain trade in foreign trade and even in the overall development of the economy are becoming more and more important [7]. Since March 2018, Sino-US trade frictions have been intensifying, which has had a certain impact on China's economy [8]. A series of events have once again brought us to China-US trade frictions. How to treat the trade friction between China and the United States is related to reducing Sino-US trade disputes and maintaining the healthy development of trade relations [9]. It is of great significance to analyze the Sino-US trade frictions under the new situation and find out the countermeasures to minimize the occurrence of trade frictions. If the trade war continues to extend in breadth and depth, then the food trade market,

which is of great concern to the United States and the world and has a growing contribution to GDP, will be greatly affected [10]. China is a country with a large population, a large country of food production and consumption. It must take the road of a strong country in the grain industry and firmly hold its rice bowl in our own hands. Although this is a counter-measure taken by China on the basis of having to safeguard the national economic interests, it also exposes the deep-seated dilemma that China's agricultural industry has long faced.

2. Reasons for Sino-US Trade Friction

2.1. US trade deficit with China is growing

Since the establishment of diplomatic relations between China and the United States, economic and trade exchanges have become increasingly close. Based on comparative advantages and market choices, the mutually beneficial and win-win relationship of deep integration of interests has gradually been realized. In the original grain trade, buyers and sellers needed to face-to-face service and transactions. Today, information technology provides a wider range of services and promotes the rapid development of cross-border food trade. At the same time, the fall in oil prices has also led to a sharp drop in international shipping prices, which has led to an important variable in agricultural product price volatility: transport prices have plummeted. More and more services between buyers and sellers can be exchanged on a global basis through satellite networks. In April alone, 257 consumer products were detained or banned from importing, including pet feed, toothpaste, etc., because of “violation” related standards. In terms of economic factors, the reasons are as follows: First, because of the sustained and rapid development of China's economy, the scale of foreign trade expands year by year, resulting in the imbalance of Sino-US trade. Due to the low price of oil, the boom of biofuels replacing fossil fuels has gradually faded. The equilibrium price of agricultural products such as maize and rapeseed has further declined when they return to the international market. The Internet and other technological systems, such as mobile phones, big data and artificial intelligence, are providing technological changes to production technologies and business processes.

Sino-US trade frictions mainly focus on the following issues: MFN treatment, China's accession to GATT and WTO, anti-dumping and intellectual property rights (Table 1).

Table 1 Sino-US trade frictions (2000-2018)

Period	Areas of trade frictions	The Leader of Trade Friction	U.S. Measures to Trade Friction
2000-2005	Textiles, some industrial products	U.S.A	Quota, anti-dumping
2006-2012	MFN treatment, market access, textiles, intellectual property rights	U.S.A	Embargoes, quotas, anti-dumping, economic sanctions
2013-2018	Market Access, Textiles, Household Appliances, Steel, Intellectual Property, RMB Exchange Rate, Environmental Standards, Labor Standards, Safety Standards	U.S.A	Quota, anti-dumping, political pressure, WTO policy review mechanism and other means; recall and stop the import of certain products

2.2. Substantialization of intellectual services may change the pattern of world food trade

Food trade, represented by software, system development and design, is transmitted through the Internet. In fact, like other commodities, it has physical existence and can be produced and stored. Most of the imported wheat in China is high-quality wheat, which is a supplement and adjustment to the existing wheat varieties. It is not enough to affect the supply level of wheat market in China. However, trade frictions will cause the change of the supply structure of wheat in China and increase the production and supply of high-quality wheat in China. In addition, the export of

agricultural products in Russia and other countries has risen strongly, lowering the prices of agricultural products in the international market. More serious external shocks come from the overall rise in the exchange rate of the renminbi. However, China's economic impact on the United States cannot be underestimated. In 2017, US exports to China accounted for 8% of total exports. At present, China is not only the largest source of imports for the United States, but also the fastest growing export destination. The United States ranks sixth among all importers of goods in China and is China's largest exporter of goods. When these interest groups are adversely affected, it is easy to organize and put pressure on the government through election voting, lobbying, and civil mobilization, which has a huge impact on trade policy. Most of China's exports to the United States are labor-intensive products such as textiles, shoes and toys.

3. The Impact of Sino-US Trade Friction on China's Economy

3.1. Have a certain impact on China's industrial transformation and upgrading

In recent years, China's trade surplus with the United States has exceeded 300 billion U.S. dollars. This shows to a certain extent that China's dependence on the U.S. market is more dependent on the U.S. market. China is still relatively weak in Sino-US trade relations. status. Although their enthusiasm and organization are very high, they usually only represent the interests of a few people and groups. Facts have proved that China's foreign direct investment has been increasing due to trade frictions. China has accelerated the pace of RMB exchange rate reform after 2012. The exchange rate in 2016 has increased by 25% compared with 2005, which means that the price of international agricultural products denominated in US dollars has dropped by 25%. Corn imports from the United States account for a small proportion of China's corn imports. Trade frictions will make American corn and sorghum completely lose the value of replacing domestic corn, and will not affect the overall supply and demand pattern of the domestic corn market. Corresponding to the sharp drop in international agricultural prices, it is the high price of agricultural products under the influence of domestic price support policies and other factors. This kind of intellectualized service has a broader trading space. Economic and trade frictions have a certain impact on some export-oriented enterprises, which increases the cost of enterprises, and may face the challenges of reducing production and closing business, adjusting and restructuring.

With the deepening of economic exchanges between the two countries, Sino-US trade is uneven. The trade deficit of the United States began in 1993 and has been expanding since then. The United States believes that the trade deficit originating from China is the most prominent. Figure 1 shows China's trade with the United States in recent years.

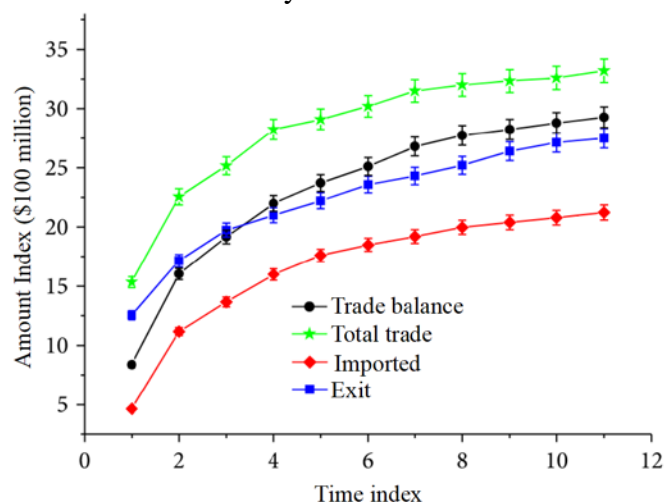


Fig.1. China team's trade status with the United States in recent years

3.2. Impacts on mass commodity trade

With the escalation of Sino-US trade frictions, the commodity market has been greatly affected.

In the agricultural market, China has become the largest buyer of agricultural products in the world because of the demand for feed, edible oil and biofuels. Their repeated pressure on the government not only affects the efficiency of the government, but also leads to the introduction of protectionist policies in the United States. The product differentiation level of these commodities is not high, the added value is low, and they have strong price competitiveness. Therefore, it is very easy to cause Sino-US trade frictions. China's imports of soybeans from the United States account for one-third of total imports. The biggest impact of trade friction is China's soybean market. If trade frictions persist for a long time, it will reshape the global soybean trade pattern, and US soybeans will lose the Chinese market. Due to factors such as production costs and agricultural subsidies, the price of agricultural products in the United States has remained at a low level for a long time, which is the main driving force for the low prices of international agricultural products. This ZTE incident has made more people discover the importance of soft power trade. Sino-US trade turned out to be a complementary trade. With the transformation and upgrading of China's industry, it is increasingly moving toward high-end and high-tech fields. China and the United States compete in the fields of chips, electronics and artificial intelligence. This year's tire special protection case is the US International Trade Commission (ITC) applied for the US Steel Workers Federation to launch a special insurance investigation on China's tire exports to the United States.

4. Conclusions

Developing the grain industry economy is a higher level to ensure the national food security needs, and is also an important decision to accelerate the structural reform of the agricultural supply side. The ultimate way to ensure the safety of the agricultural industry is not only that it has a strong supply of agricultural products, but also the control of the pricing power of international agricultural products. Secondly, there is a lack of a strong leader within ASEAN, and the struggle for dominance within ASEAN member states has not stopped. This "one country's law alone" approach not only seriously damages the rights and interests of many countries including China, but also challenges the authority of the WTO and the destruction of the international trade order. The improvement of total factor productivity can increase the import of China's outsourcing trade, because the progress of technology and the improvement of production efficiency promote the import of more advanced technology in China's outsourcing trade, thus increasing the import of China's outsourcing trade. It not only limits the diffusion of technology in China, but also further limits the long-term development of China's economy. It has hindered China's faster technological progress. Therefore, building a strong country in grain industry is not only an important measure to implement the new strategy of food security and the overall national security concept, but also an important means to deal with the uncertainty risk of external food supply.

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