The Trend of International Trade during the Context of the COVID-19 Epidemic: The Case of China-US Trade

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Abstract. With the spread of the COVID-19 epidemic throughout the world, international trade in various areas has been affected to different degrees. This paper explores the development trend of international trade during the COVID-19 epidemic via analyzing prominent issues relating to three major aspects, namely, service industry, aquaculture industry, and manufacturing industry. The research results show that the upward development of trade between China and the United States requires specific solutions in terms of strengthening mutually beneficial cooperation between the service industries, expanding import and exporting markets and channels for aquaculture trade, and enhancing the strength of manufacturing industries. As the world's superpower country, China and the United States occupy a considerably high volume of trade and have a pivotal influence on the development of international trade. Hopefully, in the future, China and the U.S. could collaborate to overcome the pandemic and strive to restore bilateral trade as early as possible.

Keywords: COVID-19 epidemic; international trade; development trend.

1. Introduction

Along with the gradual spread of COVID-19 across almost all countries, the global economy has suffered severely and the progress of international trade has been substantially impacted. Despite the heavy loss suffered since the outbreak of the pandemic, global trade generally showed a trend of decline followed by an increase. According to the "Global Trade Data and Prospects" published by the World Trade Organization in April 2020, global trade is expected to shrink by 13%-32% in 2020 due to the impact of the coronavirus [1]. However, as countries confront the virus, nations gradually accommodated the existence of the epidemic and international trade showed an upward trend again. In March 2021, the Global Trade Data and Prospects released by World Trade Organization reported that global trade was expected to continue its sustained rebound in 2021, with the volume of global trade in goods growing by 4.0% and 8.0% in 2022 and 2021 respectively. In February 2022, measured by the United Nations conference, global trade hit a record high in 2021, reaching around $28.5 trillion, 25% higher than the figure of 2020 and 13% higher than it in 2019 [2].

International trade shows a trend of "decline followed by a rise", which is fundamentally due to the impact of the development of the global epidemic. At the beginning of the outbreak, international trade had a serious impact, the volume of international trade had declined, and the global economy was in a downturn. As the country fought against the COVID-19 epidemic and the government introduced relevant measures to protect international trade, the economy showed an upward trend.

The global economy fell into a sluggish period the rise of the contagious disease. Almost all countries were involved in the situation and unavoidably underwent a recession. The United States and China, which have strong economies, have also been affected in different ways and to different degrees. Both countries play an essential role in the global economy as the world’s leading nations. The development of trade between China and the United States concerns the interests of both countries and the well-being of both peoples. Accompanied by the outbreak of the epidemic and the behavior of unilateral trade, several problems occurred in China -the United States trade. This paper analyzes the trend of trade between China and the United States by studying the current situation development, and the outstanding problems, and puts forward constructive suggestions to use the paper for the book or journal in question [3].

2. Current situation of the development of China-US tradeSection Headings

The epidemic caused an immense impact on the economy of China and the United States and had a longer-term impact. A vast number of factories ceased their production and trade between China and the United States came to a halt. The US and Chinese economies were in trouble as the formerly bustling streets became empty and the service industry was particularly harmed. At the end of March 2020, U.S. economic growth contracted by 4.8% and China's economic growth fell by 9.8% compared to last quarter's increase as a result of the impact brought by the epidemic.

Out of the economic downturn in both China and the U.S., there is an urgent need for both sides to increase their trade and economies. Apart from its impact on the economic trends in China and the United States, the pandemic altered the trade relationship between the two countries as well. The sudden outbreak of the epidemic has had a serious impact on the economies of both China and the United States. There was an economic downturn in the trade between China and the United States. According to the U.S. Department of Commerce, the U.S. economy fell by 5% in the first quarter of 2020 owing to the impact of COVID-19. Similarly, U.S. imports went down by 15.7%, exports decreased by 9.3% and personal consumption expenditures dropped by 6.8%. The majority of the figures provided show a downward trend. In terms of economists' prediction, the U.S. economy would decline by 34.8% in the second quarter [4]. The U.S. needs to cooperate with other countries to develop trade for the economic downturn, and both China and the U.S. urgently need to develop trade and realize economic recovery. Under such circumstances, the epidemic brought a twist to the trade relationship between China and America. After continuous mutual negotiations, the two sides jointly signed the First Phase of the U.S.-China Economic and Trade Agreement. In light of the data released by the General Administration of Customs of China at the end of 2020, the total trade between China and the United States was $586.72 billion, seeing an increase of 8.3% as opposed to last year [5]. China-US trade can be considered a predominant trade body in the world today, and the outbreak of the epidemic has led to a change in the situation of China-US trade relations, from the previous trade war between China and the US to the current conduct of cooperation. In 2020, China was the largest trading country with the United States and the United States ranked as the third largest trading country with China. constant U.S.-China trade cooperation is in the interest of both sides and beneficial to the development of their countries. Nevertheless, in the background of COVID-19, the development of Sino-US trade still has many extremely serious trade and commerce problems to be solved, hindering the further development of trade between the two countries

3. Outstanding problems of China-US trade

3.1. The COVID-19 impacts the development of China-U.S. service industry trade

The service industry trade between China and the United States accounts for a certain proportion of their economies, exerts a pivotal effect in their respective country, and acts as the crucial driving force to promote their economic growth. With the continuous development of trade in services, the trade between China and the U.S. has begun to shift from the previous goods trade to the current trade in services. In terms of goods trade, China has got a stronger and larger trade scale than that the US.

However, speaking of services, China is slightly behind the U.S. For the moment the U.S. is undoubtedly one of the best regarding the service sector, the quality of which is rather reliable. This has led to China's deficit in trade services with the U.S. Additionally, the outbreak of the pandemic disrupted the services trade between China and the U.S. For some time, China and the U.S. closed international airports and suspended international transactions, which halted the operation of China-U.S. service trade, resulting in severe loss in the service sector of both.

In addition, this global disease affected the U.S.-China travel services trade to a certain extent. In the case of China, the service trade deficit between China and the U.S. mainly refers to the travel service trade deficit. According to statistics, in 2018, China earned $233.6 billion from travel service trade with America and spent $525.8 billion on it, indicating a trade deficit as high as $292.2 billion

[6]. Influenced by the epidemic, traveling between the two countries almost ceased within a specific period, which had a huge impact on the trade in services between China and the U.S. China accounts for more than half of the total export revenue of cross-border services in the U.S., therefore the expansion of COVID-19 had a tremendous impact on U.S. services trade for the U.S. and in the meantime prevented China from achieving a reversal of the U.S.-China trade surplus in services.

The impact of COVID-19 penetrates non-travel services as well. In the face of the sustaining function of the virus, China and the United States implemented trade restrictions and shipping prohibitions within a period, which the limited promotion of non-travel services trade between them. Because of the ban on shipping, both commercial activities and transactions in the non-travel area between the two nations are seriously restrained. Since the extension of the epidemic, measures from the initial widespread restrictions on the entry of people to the complete enforcement of shipping and transporting ban and the like imposed by the U.S. government has caused considerable impacts on production, transportation, and trade clearance, generating an almost interrupted service interaction within a period between the two sides. The strike of special pneumonia on U.S.-China services trade has extensive impacts, covering fields like business travel, sightseeing tours, and travel to study abroad and seek medical treatment in the U.S., basically population mobility between them. According to the U.S. National Tourism Data Bulletin, 2.99. 2 million Chinese traveled to the U.S. and reversely 1.585 million Americans traveled to China, with the aggregate mobility in 2018 reaching as high as 4.577 million, whereas since the advent of the pandemic, travel practice between the countries was nearly in a state of interruption. Since travel services constitute more than 55% of total U.S. exports of cross-border services to China, the disease spreading is bound to make a great difference to the total cross-border services trade between China and the U.S. [7] Hence, COVID-19 has been an influential and momentous factor in the recession of China-US service trade.

3.2. The impact of the COVID-19 increases the risk of aquaculture industry trade between China and the United States

Trade in the aquaculture industry between China and the United States has been enormously affected by the pandemic. The aquatic products trade demand, plus the import and export volume between the two super economies sustainably went up. Concerning aquatic products trade, the United States has been an important import market for China in recent years and is the second largest aquatic products export market for China, and data shows that in 2018, China's aquatic products exported to the United States amounted to 561,400 tons, with an export value of $3.428 billion, and imports amounted to 442,800 tons, with an import value of $1.423 billion [8]. Based on statistics, the U.S. aquatic market has lost up to $500 million since the rampancy of COVID-19. The U.S. imports of aquatic products from China fell by nearly 18.7% in the first three quarters of 2019, and thus the emergence of the epidemic has incurred a certain degree of damage to the two countries' aquatic commodity exchange.

The agreement of the U.S.-led multilateral region has in some way impaired the Chinese aquatic products export to the U.S. The import and export volumes of China's aquatic products to the U.S. both shrunk in 2020. Specifically, the export volume was 213,100 tons and $4.263 billion, seeing a reduction of 14.88% and 6.59% respectively, while the import volume was 97,700 tons and $3.297 billion, falling by 7.52% and 15.52% respectively. Despite the trade surplus of US$1.153 billion, it still decreased by 20.27% in comparison to the previous year. Given the significant impact of the epidemic on the aquaculture industry, both China and the United States will encounter challenges in the aquaculture trade [9].

The abrupt invasion of COVID-19 has made food products susceptible to carrying viruses, which posed a great threat to food safety and aggravated the undesirable status of the development of agricultural trade between China and the U.S.

3.3. The COVID-19 affects the development of manufacturing trade between China and the United States

Because of the outbreak of the epidemic, the manufacturing situation in China and the United States has also changed. The supply chain, rising manufacturing costs and serious impact on the industrial chain of the manufacturing industries of the two countries have weakened the status of the manufacturing industries of the two countries. The development of China towards high-end manufacturing was curbed [10]. The outbreak of the new crown epidemic triggered the reshaping of supply chains and industrial chains in China and the United States. Under the epidemic, China and the U.S. have shown a high degree of interdependence in goods trade. in 2020, bilateral goods trade between China and the U.S. reached $586.72 billion, accounting for 12.6% of China's total foreign trade and 15.3% of the total U.S. foreign trade. [11] U.S.-China trade in goods accounts for a certain proportion of the country's trade volume, and both sides have a certain degree of dependence.

4. Suggestions to solve the trade problems between China and the United States

4.1. China and the United States work together to fight the epidemic and solve the service industry trade

Under the continuous influence of the epidemic, to solve the service industry trade between China and the U.S., it is necessary for China and the U.S. to jointly fight the epidemic to solve the service industry trade problem. Since the outbreak of the epidemic, China has been relatively successful in epidemic prevention and control and has certain experience in epidemic prevention and control. The U.S. can learn from China to fight the epidemic, while China and the U.S. should expand cooperation in logistics and transportation, and increase cooperation in medical services between China and the U.S. In this way, China and the U.S. can resume logistics business and ensure the transportation of epidemic supplies between China and the U.S.

China and the U.S. have great potential for cooperation in service industry trade, and China and the U.S. should work together to fight the epidemic and address service industry trade. China should expand its cooperation with the U.S. service industry [12]. As world powers, China and the U.S. should join hands and work together to overcome the global epidemic for the early resumption of service industry trade between the two countries.

4.2. China and the United States expand import and export markets and channels of the aquaculture trade

China and the United States can expand aquaculture trade, China and the United States should avoid the risks associated with the concentration of imports of products, reduce the degree of dependence on the main import and export markets, develop a broader market space, adhere to promote import and export diversification strategy. China and the United States should strengthen the domestic supply capacity of aquatic products, and increase the production capacity of domestic aquatic products. Mobilize the production enthusiasm of enterprises to ensure the safety of aquatic products supply. China and the United States should establish positive and solid trade cooperation, and the two sides to establish a good relationship of cooperation.

Second, pay attention to aquatic products carrying viruses, China and the United States should increase customs inspections to prevent the spread of viruses in aquatic products.

4.3. China enhances the competitiveness of manufacturing enterprises

With the continued fermentation of the epidemic, both China and the U.S. should pay more attention to the manufacturing industry to avoid the risk of disruption of the manufacturing supply chain. Manufacturing enterprises in both China and the United States should resume work and production as soon as possible to restore production status before the epidemic [13].

For China, it should increase support for high-end manufacturing industries to reduce risks. Improve innovation in its manufacturing industry and improve technological development. Reduce the dependence on manufacturing trade and enhance the development of the domestic manufacturing industry. China has a certain dependence on U.S. high technology, and China should reduce its dependence on the U.S. industrial chain. This will allow independent development and reduce the risk of industrial chain disruption. China should master the high-end manufacturing technology and enhance the manufacturing technology moat so that China's core technology is not subject to the United States [14].

5. Summary

This paper studies the development trend of international trade under the circumstance of COVID-19, with China and the United States being the main research objects. This paper raises viable suggestions to solve the problems of service industry trade, aquaculture trade risks, and China's manufacturing industry by cooperating to fight the epidemic to solve the problems of the service industry, aquaculture trade risk, and manufacturing industry in China and the United States that have been hit hard. Overall, the emergence of the epidemic will be a long-term, repeated process that will not stop and disappear in a short period. However, it is expected that the potential for growth in U.S.-China trade will be further unleashed in the future, yet it has some limitations because of rare research aspects. From the starting point of the epidemic, the global economy has been sluggish. Countries around the world have suffered from the ripple effects and economic downturn. China and the United States, as the two giants in the contemporary world economy, occupy irreplaceable positions. The development of trade between China and the United States concerns the interests of both countries and the welfare of their people. With the outbreak of the epidemic and the rise of unilateral trade, these problems in the trade between China and the United States surfaced. In this paper, we study the development of trade between China and the United States, analyze the problems, and then provide some proposals to undo them. As the superpowers in the world today, China and the United States possess a high proportion of trade and have an astonishing impact on the development of international trade. We hope that China and the United States will join to overcome the global epidemic and realize the restoration of the service industry trade between the two countries shortly

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