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Competition and Cooperation: A Study of the Motivation of China-U.S. Cooperation and Conflict Management in the New Era

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Abstract: At present, China and the United States are the world's largest economies and important international political forces. China-U.S. relations are both driven by cooperation and face certain conflict challenges. On the one hand, the impetus for China-US cooperation comes from their respective economic interests and common global challenges, and China-US trade and investment cooperation has played a positive role in the economic growth and employment of the two countries. On the other hand, there are some potential conflict factors in China-US relations, such as trade friction, military competition, regional strife and other issues, which may lead to the escalation of conflict between China and the U.S. This paper aims to study the motivation of China-US cooperation in the new era as well as how to carry out effective conflict control, so as to put forward some constructive suggestions for competition and cooperation between China and the United States.

Keywords: China-U.S. Cooperation; Trade Friction; Conflict Management.

1. Introduction

Research related to competition and cooperation between China and the United States in the new era is booming, involving the complex relationship between the two world powers. Data show that the average value of China's exports to the United States in 2021, which accounted for the proportion of China's total export scale, was only 17.2% (see figure 1) [1], compared with the average value of 19% in 2017 before China and the United States imposed tariffs on each other, which is still a big difference, and the cooperation and competition between China and the United States have a certain impact on the economic development of both countries. First of all, the impetus for cooperation between China and the United States is mainly manifested in the economic complementarity between the two countries. Economically, China and the United States have strong complementarity, and mutual cooperation can achieve common prosperity. Both sides realize that the goal of maximizing economic benefits can be achieved through cooperation. Secondly, China and the United States are both countries with significant influence in global affairs, and cooperation can help address common challenges and promote the reform and construction of the global governance system. Finally, exchanges and mutual understanding between the peoples of the two countries can promote friendship and trust and build a lasting cooperative relationship.

Some conflict management issues may also arise in the cooperation between the two countries, and China and the United States need to recognize each other's common interests, strengthen communication and dialogue, and seek win-win solutions to issues that may lead to conflict. At the same time, they should establish mutual trust mechanisms, including dialogue and exchanges at the governmental level, as well as cultural and educational exchanges among the people, so as to enhance mutual understanding and trust. Finally, with regard to sensitive issues that may trigger conflicts, consensus should be reached through diplomatic channels and consultations to avoid differences from escalating into conflicts. In conclusion, to study the relationship between competition and cooperation between China and the United States in the new era, it is necessary to consider the interests and demands of both sides from multiple perspectives and in a comprehensive manner, and to explore strategies to solve the problems in an all-round way.

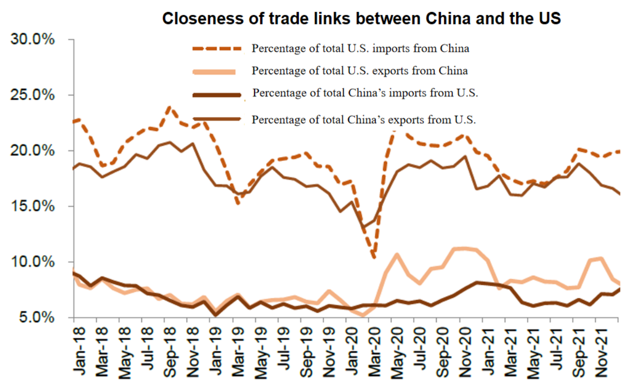

Figure 1. Closeness of trade links between China and the US

2. Analysis of the Reasons for the Cooperation Motivation and Conflict Management between China and the United States in the New Era

2.1. Inconsistency in Trade Objectives

China's sustained and rapid economic growth has brought great pressure to the United States, which has continuously adopted various means to curb China's economic growth. For its part, the United States is worried that China's economic revitalization and development will take over the status of the world's largest economy, and has therefore taken measures to increase tariffs and non-tariff barriers in trade imports to China and raise the standards for the importation of products such as plastic products. And in the face of the trade friction provoked by the United States, China has also taken countermeasures to increase tariffs on a number of goods imported from the United States. Under the influence of the changes in trade relations between the United States and China, foreign investment, especially U.S. investment in China, also slowed down for a time, but returned to rapid growth after 2020, while the amount of Chinese investment in the United States has consistently maintained a more stable growth rate (see figure 2) [2]. Inconsistency in trade objectives is the fundamental cause of trade friction between China and the United States. In order to pursue the maximization of profits in the domestic economy and promote the development of domestic industries, the United States provoked trade friction, China timely counterattacked, which ultimately the development of foreign trade enterprises is more difficult.

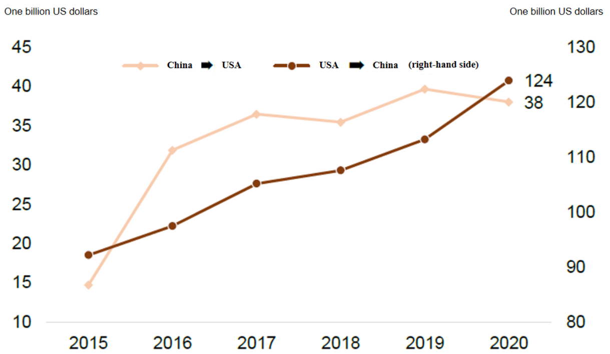

Figure 2. Two-way FDI from the United States and China

2.2. Differences in Trade Structures

China and the United States have a long-standing imbalance in trade structures. China has a large population and abundant labor force, so it has a certain advantage in labor-intensive products, and its exports to the United States and other countries are also labor-intensive products, while the United States has a comparative advantage in technical products, especially for some high-tech products. The United States tends to take technical control, and this kind of control cannot fundamentally change the United States' trade deficit with China. The U.S. domestic industry structure is also affected by the long-term trade deficit with China, and this long-term imbalance in structural differences has triggered trade friction between the U.S. and China, leading to problems in cooperation between the two sides. [3]

2.3. Trade Protectionism in the United States

For a long time, the United States has been practicing double standards in foreign trade, and this trade protectionism is the main cause of trade friction between China and the United States. In international trade, the United States only cares about its own national interests. For the products exported from their own country, it requires other countries to reduce tariffs and non-tariff barriers, to accept its products, so as to enhance the country's export trade turnover. But for the products imported from other countries, by raising tariffs and non-tariff barriers to raise the requirements of imported products, it protects its own uncompetitive industries, and China's plastic products exports are affected by this. In addition, the United States has repeatedly implemented anti-dumping and countervailing investigations of China's products, through tariff protection and green trade barriers to affect China's exports, and to a certain extent, it exacerbated trade friction. [4]

3. The Motivation of China-US Cooperation in the New Era

3.1. Optimizing the Product Structure

Although there is a certain amount of trade friction between two countries, but this friction and conflict to a certain extent to the enterprise has brought a positive impact, so that China's export enterprises pay more attention to product quality improvement, change the past situation of focusing on the price advantage and ignoring the product quality, so that the structure of the product is constantly optimized and upgraded. On the one hand, the export enterprises can be forced to break the original business model, invest more resources for product research and development and product technology enhancement, and improve the core competitiveness of products. On the other hand, in order to avoid high tariffs, some export enterprises may choose to invest in the production of products in other countries, such as some export enterprises that are willing to go to the United States to build factories. This optimization of product structure can gradually change the problem of low price and uneven quality of some of China's export products, so that product quality standards can be more quickly aligned with international standards, which has a positive impact on the long-term development of enterprises. [5]

3.2. Promoting the Establishment of Trade Relations between Exporting Enterprises and Other Countries

In the change of China-US relations, many of China's foreign trade enterprises began to actively develop other new international markets, reducing the degree of dependence on the U.S. export market. For example, more tariff barriers in the U.S.-China trade friction to enterprises bring greater costs, and for less profitable products, tariffs will make part of the export enterprises gradually give up the U.S. market, turn to other developing countries with lower technical standards of the product. The development of new markets makes the export of plastic products enterprises no longer rely on a single market, but focus on market diversification and develop more new markets to export their products in international trade in order to reduce business risks. Under the epidemic, China's FDI has grown against the trend, and the proportion of global outward investment has also increased significantly.

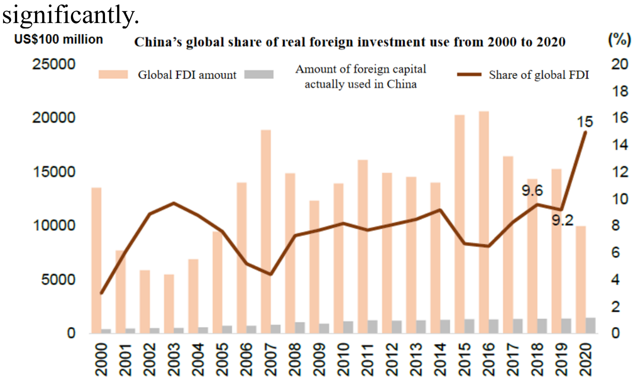

Figure 3. China's global share of real foreign investment use

3.3. Urging Enterprises to Upgrade Their Own Technology and Improve Core Competitiveness

Low value-added products, without core technology, difficult to converge with international standards and other issues are prominent problems of some China's enterprises in the product export process, and the United States is also to improve the import standards of products to limit the import trade in China, affecting China's export volume. Therefore, this cooperation in the conflict management and control for forcing enterprises to strengthen technological research and development and investment has a certain positive effect, which can make some products that do not meet the standards and have quality problems gradually eliminate because of the lack of sales market, leaving the products with good quality, in line with the international trade standards for export, which will improve the overall image of China's export enterprises. Hence, the competitiveness of enterprises will naturally increase gradually, thus realizing the goal of long-term development.

4. The Negative Impact of Conflict Management in China-U.S. Cooperation

4.1. Increased Pressure on Product Costs

When there is conflict control in the cooperation between China and the United States, it will increase the production cost of the products, especially for China's plastic products. China's plastic products enter the international market with low price, but the conflict and control in the cooperation makes the raw material price of plastic products rise, so the product standard is raised. And the process and technology are slow to improve, which adds pressure to the product cost. Data show that in 2018, the operating income of China's plastic products manufacturers was 1806.18 billion yuan, a year-on-year decline of 20.8% compared with the previous year; the total profit was 95.04 billion yuan, a year-on-year decline of 29.8% compared with the previous year . After the outbreak of the epidemic in 2020, the demand for plastic products was gradually picking up, and in 2021, the operating income of the plastic products manufacturers was raised to 2130.05 billion yuan, a growth rate of 12.8%; total profit slightly improved to 122.63 billion yuan, a growth rate of 0.9%. [6] In addition, under the influence of conflict control, China and the U.S. cooperation not only improve product standards, but also raise tariff barriers, which makes it difficult for export enterprises to bear huge tariffs, and enterprise profits gradually dwindled, difficult to seek the long-term development. The increase in costs has had a greater impact on the operating income and total profits of China's export enterprises.

4.2. Leading to a Decline in the Competitiveness of China's Export Products

On the one hand, other foreign-funded enterprises enter China's trade market with less enthusiasm due to the conflict control in the China-U.S. cooperation, which leads to problems in the introduction of new technologies by Chinese enterprises. Advanced technology is difficult to introduce, and their own innovation ability is relatively weak, so it is difficult to enhance the competitiveness in the international trade. On the other hand, there will be a lot of new regulations and systems set up in the process of China-U.S. cooperation and conflict control, followed by new trade and management methods, which to a certain extent raises the export threshold of products, and China's export enterprises in the overall trade growth are limited, making it difficult to enhance competitiveness in international trade.

5. Strategies for Coping with the Motivation of China-U.S. Cooperation and Conflict Management in the New Era

5.1. Improving the Mechanism and Actively Responding to Anti-Dumping Investigations

When there is conflict control in China-U.S. cooperation, export enterprises themselves should improve self-interest protection and awareness of intellectual property rights, improve the enterprise's own response mechanism in the face of trade remedy cases, and make full use of China's relevant laws and regulations to safeguard their own interests. Government authorities should pay attention to it, accelerate the establishment of appropriate anti-dumping early warning mechanism, promulgate relevant laws and regulations to urge enterprises to enhance the technology of products and added value of products; it is important to improve sales channels and the price of export goods; guide enterprises to have a more direct and accurate understanding of the government's orientation and the market, so as to produce more products in line with the market demand. At the same time, they need to popularize intellectual property rights and anti-dumping and other laws and regulations for enterprises, creating a good international market environment for China's foreign trade enterprises, and promoting the sustainable development of China's international trade.

5.2. Combining Cross-Border E-Commerce Business and Innovating the Development Mode

In response to the conflict control in the cooperation between China and the United States, China's export enterprises need to continue to innovate and develop, improve product quality while providing customers with high-quality services, and continuously promote the competitive advantage in cross-border e-commerce to bring more economic benefits. On the one hand, through the convenience of cross-border e-commerce, enterprises can reduce costs, integrate enterprise development resources, and realize the expansion and development of the international market. On the other hand, the "Internet +" model provides new development ideas for various industries to innovate business models, which not only reduces the circulation links of the products, but also improves the overall efficiency of the products. Therefore, China's exports should innovate the model. The application of cross-border e-commerce provides customers with the experience of high efficiency, short transportation time and high quality of service.

5.3. Tapping Other Markets and Diversifying Products

For a long time, China's exports of labor-intensive products have high dependence on the United States, resulting in great impacts on manufacturers in conflict control of China-U.S. cooperation. Therefore, enterprises should learn a lesson. For the development of export markets, they cannot be limited to the United States and other developed countries, but disperse the product markets to prevent the re-emergence of green trade barriers and other issues, bringing a major blow to the development of enterprises. In the international trade market, enterprises can choose to cooperate with the developing countries more in line with China's product standards, in order to reduce the risk of trade barriers. In addition, apart from tapping new markets, export enterprises should also focus on active product innovation, export diversified products to the international market, enhance the independent research and development of products, so as to boost the market competitiveness.

6. Conclusion

In conclusion, China-U.S. cooperation in the new era is driven by economic interests and common challenges, but also faces certain conflicts. Through closer communication, adherence to international laws and rules, and strengthened people-to-people exchanges, conflict management can be effectively carried out and win-win cooperation between China and the United States can be realized. This will help promote global stability and development.

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