The Influence of US Trade Protectionism on the Export of Private Enterprises and Countermeasures

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Abstract: In recent years, U.S. trade protectionism is rising to China, trade dispute between the two countries are fierce in recent years, the relationship between two nations is deeping with the development of the globalization. So United States trade protectionism has risen from the industry level to the national level, and has taken measures to appreciate the RMB value. China is a big country orient exports, account for a large share in the international market. The United States protectionism has seriously damaged to the export orient of enterprises of China, we must deal with properly. If protectionism is on the rise, it is at the very most constraining rather than reversing globalization.

Keywords: Trade protectionism, measures, private enterprises, export

1 Chinese Private Exporters face difficulties

PollingReport.com the world's leading Web site recently announced the results of two U.S. polls, view to the issue of international trade, by the end of June 2008 than early October 2007, the American people considered it as opportunities for growth in the U.S. economy, and threaten to reduce 5 percent (41%), an increase of 6 percent (up to 51%), the proportion is slightly higher than the latter from the former (respectively 46%, 45%) into a significant proportion of the latter. On the relationship of the free trade and economic development issues, compared with six months ago that the free trade remained low in promoting economic development, only 26% (1).

Private exporters from all kinds of industry are suffering a reduction in profit; they are mainly in labor-intensive, low-cost exporters, tight liquidity and a low level of great ability for the cutting-edge technology. In order to reduce, the inventory increase, reduction, suspension, redundancy has become common, during Economic recession in the world, the United States protect domestic enterprises through legislation to promulgated the "buy American" provisions and take practical action to circumvent its multilateral and bilateral free trade agreement for exemption of his country's commitment to trade protection. February 25, 2009, the U.S. passed the omnibus appropriations bill in 2009, and submitted to the Senate for consideration. Bill 727 provides that "according to this Law provided that any funds are not to be used for the formulation or implementation of any U.S. imports from China to allow the rules of poultry products." The bill is not only Impeded the Chinese and U.S. governments to promote the poultry trade, but also discrimination and unfair treatment to china and Chinese products, hinder the two countries to improve the good momentum of development and the poultry trade. We are firmly opposed to the obvious discriminatory practices of the United States, and worry about consequences of hindering trade between the two countries deeply and finally may incur the follow of another countries. The United States restricts the use of the Government funds by domestic legislation to prohibit the import, to directly intervene by political means; this is a blatant act of trade protectionism. No doubt, the export of China's private enterprises is even worse. China's attitude is very clear, China is not engage to trade protectionism; China is firmly opposed trade protectionism.

2 The United States the main reason for the rise of trade protectionism

At present, every one dollar of goods from China to United States, retail price are close to 4 U.S. dollars In the U.S., U.S. importers obtain a great income in the value chain. The huge Sales price is also solving the employment of United States, according to Morgan Stanley estimates, About 400 - 800 million Americans’ work has closely relationship with China trade, and most of them rely on the sales
revenue. U.S. consumers gain a lot from lower prices and better Chinese products in China products. In the past decade, Americans saved at least 600 billion dollars under the cost of living. Only children's clothing, the United States parents spend 400 million U.S. dollars less each year. So, why is the United States taking trade protectionism so desperately?

2.1 The economic recession caused by U.S. sub-prime mortgage crisis
The 20th century, the seventies and eighties, why does the United States trade policies from free trade to trade protectionism, that mainly because U.S. economy troubled. The 21st century, the United States government has "double deficit" situation, budget and foreign trade, at the same time, the United States government also faced the dual pressures of inflation and unemployment, which is quite similar with the 20th century, the seventies and eighties. The sub-prime crisis and its negative impact on people are far more serious than expected. Faced with such a lot and serious problems, the U.S. government has to divert people's attention, looking for "scapegoats." At the same period, the rising exports of China and a huge trade surplus against the United States, it's a good time to find a pretext, so trade protectionism is rising and frequent trade friction in China.

2.2 The National Democratic Party's get the choice of trade policy
Economic factors are so important, but political influences still like that. Analysis of U.S. trade protection can not be separated from the impact of its domestic politics. Since World War II, especially after the 20th century, 70's, the main supporters of the Democratic Party is the working class, and the competitiveness of imported goods impair the all level of employment and salary, therefore, the Democratic Party is less inclined to trade protection policy. Republicans always use big business and large investment groups as political backing and these groups make a profit in the Free Trade Association, so, the Republican Party advocated the free trade policy. During 2006 mid-term elections, the Democratic Party get victory, not only to regain Senate control, and change more than half of the Republican-controlled state governor post in the situation in the past 12 years. Therefore, it is not hard to understand why the U.S. trade protectionism is rising for political reasons since 2006. At present, the Democratic Party in the 2008 presidential election and congressional elections get huge victory in a landslide, the United States trade protectionism will be increasing.

2.3 "China miracle" caused the American people panic
China's economy has remained nearly 10% of high-speed development since reform and opening up in 1978 until now about 30 years, it is the creation of the "China miracle." According to Gallup poll in February 2008, the United States public think that China has replaced the United States as the world's leading economies in the near 20 years; Institute for Public Opinion poll showed that 70% of the American people think that China is an economic threat to the United States. History of the United States trade policy tells us that once the U.S. are threatened, the U.S. government would have no hesitation to raise trade protection to protect its economic interests. Thus, in a certain extent, "China miracle" will be the power to drive the rise of U.S. trade protectionism.

2.4 China's exports continue to upgrade trade structure
The rapid development of China's trade are attracting world attention, and its export from 18 billion U.S. dollars (less than 4 percent of GDP) in 1980 to the 1218 billion U.S. dollars (approximately 35% of GDP) in 2007. In addition to the rapid expansion of trade volume, China's exports continue to upgrade trade institution but also deeply worried by the United States. According to the U.S. Bureau of Economic Research, which is mainly reflected in three aspects: first, Schott pointed out that China's export product is similar to the common structure of export products of the high-income countries; second, Rodrik believes that China's "export basket" are higher technology than according to their income levels, the national who has the same "basket of products" with China's; The level of per capita GDP is much higher than China's actual level of per capita income(2); The third, Wang and Wei proved that the structure of export products among the Chinese with the United States(3), the 15 EU countries and Japan (referred to as G3 economies) has been changed form index of 133.7 in 1996 down to 121.5
in 2005, China and the G3 economies, the competitiveness of export products is increasingly fierce, which alerts the United States Congress and the government that its export products are being the threat of Chinese products.

3 The influence of U.S. trade protectionism to China's exports of private enterprises

Trade imbalance often happened in international economic relations, but the members of the United States have always directed against China. It has been damage the profit of our export of china private enterprise, it has been increasing the economic operation of China's external risks and has constrained the development of China's export trade enterprises to open up the international market, the specific impact of the following:

3.1 Frequently subjected to anti-dumping investigations
Nowadays, the use of anti-dumping has been identified means permits the legal method to protect their own industries and markets by the WTO and has become a new round of most effective tool for trade protection. At the same time, anti-dumping encountered an increasing number of product categories, types of goods involved from the traditional labor-intensive, resource-intensive products to technology-intensive products, and mainly concentrated products such as color television sets, apparatus and so on in China.

3.2 Subjected to anti-subsidy investigations frequently
In China, the rapid growth of exports, the countries engaged in anti-dumping investigation on China, they began to use another means of subsidy. At present, the state financial subsidies are still incompatible with WTO rules, particularly some local governments driven fiscal chaos by the introduction of a variety of financial subsidies "preferential" in economic development. These problems are likely to be a handle in other countries, China takes more anti-subsidy investigations.

3.3 The Special safeguard provision which is used to create barriers to trade
The term 16 of "Protocol's entry into the WTO" said that China join in to the WTO after 12 years, if products which is originated in China that imported to any WTO member, its growth in the quantity or the conditions under members of who produce the similar imported products or products in direct competition which pose a threat to domestic producers or cause market disruption, the affected WTO member may request consultations with China until the security measures taken.

3.4 All kinds of technical barriers to trade
The impact of the technical barriers in developed countries on China's has been becoming more and more serious, from the latest situation, almost all kinds of China's export have been taken technical regulations and norms, package and label requirements, inspection and quarantine requirements, and environmental protection constraints. China’s volumes of trade are affected by technical barriers to trade more than 50 billion U.S. dollars. A large number of our traditional product are withdraw from foreign markets as a result of the impact of technical barriers to trade, technical trading is gradually replaced by anti-dumping measures against exports of Chinese private enterprises to become the first major non-tariff barriers faced.

Ignoring all kinds of trade protection measures in theory, just talk about the "buy American goods", as we all known, this policy of trade protectionism is a very dangerous for the United States itself, but China is the world's second largest exporting countries, the United States is a major demand for products, so the impact of China's export business is big deal. It is just in such a difficult, our country’s private export enterprises can be completely polished into a new image to deal with the development of enterprises, so that international trade friction must actively respond to.
4 How to maintain a healthy trade relationship between China and United States

The history of the famous "Smoot - Hawley Tariff Act" is passed in 1930 by the U.S. Congress, more than 20,000 kinds of high tariffs on imported products is caused by countries competing for revenge, despite the tariff does not cause the Great Depression, which triggered a global trade war, so the 20th century,30's has become one symbolic species (4) .At that time, these policies have accelerated the reduction of international trade. For example, U.S. imports from Europe have fallen from 1.334 billion U.S. dollars in 1929 to only 390 million U.S. dollars in 1932; while the United States exports to Europe have fallen from 2.341 billion U.S. dollars in 1929 fell to 784 million U.S. dollars in 1932. In another words, the World Trade from 1929 to 1934 dropped about 66%.

In such a historical background, I think nobody want to repeat the same mistakes. Nowadays, the most important thing is keeping the world economy peace and accelerating the peaceful development. The existence of the reality of China's foreign trade issues, China's exports of private enterprises should combine China's national conditions and take specific measures to promote exports of all kinds of private enterprises development.

4.1 Strengthen coordination and deal with the issue of trade friction rationally
We should understand the Sino-US trade problems correctly and analysis the cause of the problem objectively, in order to resolve the problems through negotiations friendly. We are confident on the future of international free trade; meanwhile, we do not have to be overly pessimistic to the current trends in U.S. trade protectionism. Therefore, China's exports of the private enterprises must prepared to the rise of trade protectionism and the trend of future development psychological well and mentally, and actively respond to the United States

4.2 Mutual trust, mutual benefit
Among the overall situation in the economic and trade, we saw the tide of history, free trade is mutually beneficial and beneficial, the two great countries should invest each other, and the two countries’ people can get a higher live level. China also needs an appropriate industrial policy and strategic trade policy to safeguard their economic interests and the promotion of national economic development. To enhance cooperation and avoid confrontation are the wise measures for the export of private enterprises to deal with the survival and development ; seeking cooperation and win-win balance of trade are more rational and self-motivated retaliation than the revenge of trade. Therefore, to seek a win-win situation in the issue of economic and trade frictions should become an important policy consideration to the development of foreign trade.

4.3 Change in export growth, establish native brands
The export of enterprises must speed up the change of the export growth pattern, support, and cultivate their own intellectual property rights and merchandise exports of independent brands, improve value-added exports. At the same time, our native enterprise should speed up industrial upgrading, improve product quality, enhance innovation and achieve more improvement of substantial productivity. If the numbers of China’s private enterprises are not increasing, which doubled the value, I think any country can not find a reason to limit our exports.

4.4 Adjust the export strategy, expand domestic demand
Although China is a large trade country, but foreign trade still have some problems which is plaguing our country. They mainly include the trade friction and consumption of resources. Now we will talk about the more trade friction, China is the "big buyers" and "big seller" of world market, but also it is the most trade friction in the world ; About resource consumption, although labor costs less than developed countries’ 1/30 in China, , but the consumption of resources is huge. China exports of private enterprises also take the fewer added values and less well-known brands, if china want to import a plane which claims for 21 million U.S. dollars, export a pair of shoes only need 2.5 U.S. dollars, so that means we should export 8.4 million pairs of shoes in order to get an aircraft. Furthermore, the excessive
dependence on foreign trade is easily incurring trade friction. From a long-term strategic perspective, the expansion of domestic demand as private export enterprises in China can ensure sustainable economic growth strategy, both to ease trade friction and the industry may be beneficial to avoid empty problem.

4.5 Multilateral development and adhere to the export

The strategy of exports of Chinese private enterprises are usually "diversification of the export market" ,in addition to "consolidate the traditional export markets," we should explore "open up emerging markets" and "focus on quality." The Chinese government understands of the international economic situation which is the three great world economies that includes the United States, European Union, Japan. These "traditional" China's export markets have been into recession, in the short term, there is no sign of recovery. Exports of Chinese private enterprises have no hope in these markets over the years to maintain the rapid growth of exports obviously; it must turn to the emerging markets which mean "alternative", and adhere to the export unswervingly.

References