

THE HISTORY OF SINO-US TRADE

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ABSTRACT

This research analyzes the overall situation of the development of the Sino-US trade. First, the evolution process of Sino-US trade relations is sorted out and divided into four stages: Sino-US trade review from the Qing Dynasty to the Second World War; Sino-US trade review from the Second World War to the establishment of the People's Republic of China; Sino-US trade review from the establishment of the People's Republic of China to the establishment of Sino-US diplomatic relations; the development and change of Sino-US trade after the establishment of Sino-US diplomatic relations. Second, from the perspective of total trade volume, China's trade surplus with the U.S has been constantly increasing, which indicates that Chinese exports are increasingly dependent on the American market, and aggravates the asymmetry of Sino-US trade relations. The asymmetry of Sino-US trade relations has also brought great uncertainty and risk to the development of China's economy and foreign trade. Finally, the trade imbalance between China and the U.S. is the major obstacle to the development of Sino-U.S. trade relations as well as the direct cause of Sino-US trade war.

Keywords: Sino-US trade, history, imbalance, friction

INTRODUCTION

The exchanges between China and the U.S. started from the trade in the late 18th century. The Qing government of China (1644-1912) and the American government officially recognized each other in 1844. (Liu, 2019)Sino-US trade relations have gone through four periods. Sino-US trade from the Qing Dynasty to the Second World War; Sino-US trade from the Second World War to the establishment of the People's Republic of China; Sino-US trade from the establishment of the People's Republic of China to the establishment of Sino-US diplomatic relations; Sino-US trade after the establishment of Sino-US diplomatic relations.

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THE SINO-US TRADE FROM THE QING DYNASTY TO THE SECOND WORLD WAR

The first stage is the informal or non-treaty contact period from 1784 to 1844. The development of American shipping promoted the trade with China during this period. The Empress of China arrived in Guangzhou in 1784 ushered in a new era of Sino-US trade. The United States Congress formulated the early customs duty clauses to encourage direct US import from China. After the outbreak of the French Revolution, the European wars accelerated the development of Sino-US trade. The U.S. re-exported the imported Chinese tea to Europe and thus expanded the Chinese tea market. American furs, sandalwood and other products sold well in Chinese market, which promoted the leaping development of the trade between the two countries. The end of the war between Britain and the U.S. in 1812 stimulated the U.S. trade with China. Cotton, opium, tea and silk were the main traded goods during this period. (Pan, 2013) At that time, since China adopted an attitude of rejecting foreign objects, it was unable to accept a large number of foreign products and naturally had little demand for American products, which led to China's long-term trade surplus with the U.S. at that time. In order to compensate for this trade balance, the U.S. first sold British cotton cloth and eventually even smuggled opium to China.

In 1805 or earlier, the American merchants transported opium from Turkey for sale. In that year, the American merchants transported 124 bags and 51 boxes of opium, and exported 102 boxes of them to China in 1806, 180 boxes in 1807 and 1,741 boxes in 1829. (Liu, 2010) The import of opium caused the outflow of a large amount of silver from China, led to the decline of China's purchasing power and affected the export of American manufactured goods to China. In 1839, the value of American exports to China was \$1.53 million, and that of Chinese exports to the U.S. was \$3.68 million. The China and Britain Opium War broke out in 1840, and the Qing government signed the Treaty of Nanjing with Britain on August 29, 1842, which endowed Britain with a lot of privileges. Affected by Britain, the U.S. and the Qing government signed the Treaty of Wangxia on July 3, 1844, which marked the start of unequal Sino-US trade and the end of early Sino-US trade relations. (Liang, 1985)

The second stage is the period of temporary expansion and continuous decline from 1845 to 1894. Affected by Taiping Heavenly Kingdom Movement, China's national purchasing power was reduced. Meanwhile, affected by the civil war, the American shipping industry declined, and the American government raised tariffs to increase national revenues, which hindered the development of Sino-US trade. The reasons for the slow development of trade during this period include: (1) the recession of American shipping industry; (2) the establishment of restrictive trade tariff system in the U.S.; (3)

the depression of American business in China; (4) the competition from Japanese tea and silk products; (5) the fall of silver price; (6) the aversion between China and the U.S. caused by China's labor problems and the Chinese Exclusion Law. (Pan, 2013)

The third stage is the period of turbulent situation and fierce competition from 1895 to 1913. The Treaty of Shimonoseki signed after the Sino-Japanese War led to a greater degree of opening up in the Chinese market. In the absence of tariff protection, the open Chinese market brought a devastating blow to the domestic industry and commerce. The competition of Western powers for the priority of trade in China gave rise to the chaos in China's foreign trade, and China's industrial development, loans and trade were controlled and restricted by various European countries. The U.S. exports to China severely declined, but its imports from China increased steadily. During this period, cotton cloth, refined mineral oil, cigarettes and tobacco and steel machinery were the main exports from the U.S. to China, and the main imports from China to the U.S. were raw materials or semi-finished products supporting the American industrial production, including silk, tea, wool and peltry. (Pan, 2013)

The fourth stage is the rapid expansion period from 1914 to 1922. The outbreak of the First World War cut off the material supply from Europe to China, and the U.S. became the main trade partner of China. In order to supply war products, the American industry imported a large number of Chinese raw materials. In 1913, the American Tariff Act reduced or exempted the import taxes on lots of raw materials and commodities; moreover, the rise of silver price stimulated the U.S. to import Chinese goods. In 1913, the total amount of U.S. imports from China was \$41.387 million, which increased to \$176.471 million in 1923, with the growth rate increased from 100% to 427%. Except for 1921, China had been in a surplus status in Sino-US trade. During this period, the main competitors of the U.S. in China were Britain and Japan, and other European countries were eliminated from the Chinese market due to the outbreak of war. (Pan, 2013)

SINO-US TRADE FROM THE OUTBREAK OF THE SECOND WORLD WAR TO THE ESTABLISHMENT OF THE PEOPLE'S REPUBLIC OF CHINA

In 1931, Japan began its invasion and unbridled plunder in China, the trade in the occupied areas was rapidly colonized, and the development of Sino-US trade was restricted. In 1932, the volume of Sino-US trade was less than one-third of that in 1929, and until the victory of the Anti-Japanese War, the maximum volume of Sino-US trade

Table 1. Volume of Sino-US Trade from 1945 to 1949

Hundred Million Dollars			
Year	Trade Volume	Chinese Exports	Chinese Imports
1945	1.14	0.06	1.08
1946	5.58	0.93	4.65
1947	4.70	1.17	3.53
1948	3.93	1.20	2.73
1949	1.90	0.83	1.46

Source: Zhou, 1989

It can be seen from the above table that after the victory of the Anti-Japanese War, the volume of Sino-US trade increased rapidly and reached the historical maximum value of \$558 million in 1946. After that, with the increasingly shrinking of the Kuomintang-controlled areas, the trade volume gradually declined. During this period, China's trade with the U.S. was in a deficit status and achieved import surplus every year.

SINO-US TRADE FROM THE ESTABLISHMENT OF THE PEOPLE'S REPUBLIC OF CHINA TO THE ESTABLISHMENT OF SINO-US DIPLOMATIC RELATIONS

This is a suspension period of Sino-US trade. From the founding of the People's Republic of China in 1949 to 1970, the trade between China and the U.S. was in a state of suspension. The People's Republic of China was established in 1949, but the U.S. did not recognize it, and required some western countries to be on the side of it and not recognize the legal status of China. In 1950, the Korean War broke out, the military confrontation between China and the U.S. extended from the battlefield to the field of economy and trade. The American government took a series of political and economic measures to sanction China, and implemented cargo embargo on China, which completely suspended Sino-US trade for more than 20 years. When the People's Republic of China was just established in 1949, China and the US still maintained some trade contacts. In 1949 and 1950, the bilateral trade volume of the two countries was respectively \$199 million and \$238 million. (Huang, 2005)

Then the trade relations between China and the US were suspended, according to the following chart, the value of trade between China and the US was just symbolic 7.99 million dollars in 1951, which decreased to 53 thousand dollars in 1952 and to 2 thousand dollars in 1953 even more. There was no direct commercial intercourse from 1954 to 1970.

Table 2. The value of trade between China and the US from 1950 to 1970

10thousand dollars

Year	Total volume of trade	The export amount of China	The import amount of China
1950	23812	9549	14263
1951	799	8	791
1952	5.3	0.3	5
1953	0.2	0.2	0
1954-1970	0	0	0

Source: Huang, 2005

The restoration period of the Sino-US trade, In the early 1970s, there were huge changes of global political and economical situation, the strength of the US declined relatively, economically, the US was undergoing the economic crisis and stagflation, faced the aggressive attacking of the Soviet Union in politics and military science, the US flinched, so that the diplomatic policy of the US, especially for the policy to China, changed obviously. Because the US needed to combine China to contend against the Soviet Union, so the hostile attitude to China was abandoned. The president Nixon issued a statement in 1971 that adopted practical measures to restore the trade between China and the US gradually and relieved the embargo of China. Though the value of trade between China and the US in that year was just 5 million dollars, it represented the trade relations between China and the US which had suspended 21 years started to restore and develop. Until Nixon visited China in 1972 and issued China-US Joint Communiqué, the trade between China and the US began to develop rapidly. According to the following chart, the value of trade between China and the US increased 76 times, which increased to 992 million dollars in 1978 from 13 million dollars in 1972.

Table 3. The value of trade between China and the US from 1972 to 1979

100 million dollars

Year	Total volume of trade	Chinese export	Chinese import	Balance of trade
1972	0.13	0.10	0.03	0.06
1973	2.60	0.40	2.21	-1.81
1974	4.76	1.03	3.73	-2.70
1975	4.71	1.29	3.42	-2.13
1976	3.17	1.56	1.61	-0.05
1977	2.94	1.80	1.15	0.65
1978	9.92	2.71	7.21	-4.50

Source: China Commerce Year Book 1984

The trade between China and the US in this term can be generally divided into 3 stages. The first stage is from 1972 to 1974, which is the rapidly restoration and developing stage after the rebuilding of their trade relations. Though the trade base between China and the US in this term is small, it grows fast. The growth rates in these three years are 160%, 1900% and 83% respectively, the growth of trade exceeded 35 times. The rapid growth of Sino-US trade in this term is benefited by the rapid improvement of the relations between China and the US. President Nixon took the improvement of the relations with China as the core of diplomatic policies; while China was isolated again after the Soviet broke with China and the diplomatic blunders in initial time of the Great Culture Revolution, in order to break that barrier and confront the threat of the Soviet Union, the improvement of Sino-US relations was also the important try of China. The second stage is from 1975 to 1977, in this stage, the development of the relations between China and the US was in trouble, because the Watergate scandal that led to the resignation of President Nixon and better relations between the US and the Soviet Union, the US attached less importance to the relations between China and the US; meanwhile, the wrong thought of left-leaning in China in this term broke the diplomatic policies and made the attitude of China to the US more cautious. With the stagnation of the development of the relations between China and the US, Sino-US trade was also affected, the value of trade constantly declined that the value of trade in 1977 was just equal to 62% of the value in 1974. China was in "import surplus" state. The third stage is the establishment of Sino-US diplomatic relations in 1978. In the late 1970s, with the global expansion of the Soviet Union, the relations between the US and the Soviet Union became worse, the US pointed at China again; moreover, the trade agreement signed by China and Japan and the EC also stimulated the US. After the Great Cultural Revolution in October, 1976, China had transferred the core of work to economic work; the normalization of the relations with the US was also the intrinsic requirement of developing Chinese economy. Hence, the relations between China and the US began to

improve rapidly and the trades also develop rapidly, the value of trade in 1978 reached 992 million dollars, which is more than 3 times of 1977.

According to the table, the main feature of Sino-US trade in this term is that China was in trade deficit and it constantly enlarged as the time goes by. The main reasons are: the first one is that China adopted fixed system before the reform and opening-up, though it constantly adjusting the depreciation of US dollar, RMB was overrated seriously, and the huge domestic and foreign price difference suppressed the export of China. The second one is that the competitiveness of Chinese product is low, meanwhile, the long-term reclusive state led to that the US market and trade policies were known not very well by China, which blocked the export of China to the US. The third one is that in this term, China not only imported machinery equipment from the US to develop the industry, but also imported a good deal of agricultural products from the US to satisfied domestic consumption demand. So every year is the excess import year, except for 1977, the year when the relations between China and the US shrunk most.

THE CHANGES OF TRADE DEVELOPMENT OF THE TWO COUNTRIES AFTER THE ESTABLISHMENT OF SINO-US DIPLOMATIC RELATIONS

After the establishment of Sino-US diplomatic relations, the economies of the two countries spent 10 years' "honeymoon", the relations of economy and trade in this term reflected the developing situation of the political relations of the two countries, which are political tool. Frictions such as most-favored-nation clause, market access and intellectual property appeared entered into 1990s, while the fluctuation and friction of the two countries' political relations had not influenced the trade development of the two countries, no matter refer to the statistics of China or the US, the trade of the two countries from 1989 to 2000 has constantly growing, which the trade relations of the two countries gradually free from the constraint of the political relations of the two countries and entered into rapid developing stage. After China entered into WTO in 2001, the Sino-US trade relations entered into mature development stage, then the export of China to the world and the US appeared explosive growth for ten years. Benefited from the sharp increasing of export, a large number of surplus labors in rural China can go to coastal cities and work in export-oriented light industry enterprises, as many as 800 million people free from poverty because of that. Though the growth speed of export of China to the world and the US has slow down since 2012, supported by the US, the economic achievement acquired by China after entered into WTO cannot be underestimated. (Liu, 2019)

The Sino-US trade speeds up recover and it entered into normal developing stage. China and the US formally established diplomatic relations on January 1st, 1979, soon after that, the state leaders of China Deng Xiaoping had visited the US on January 28th,

1979, they exchanged the views about international situation, property right and most-favored-nation clause and signed consul, trade, scientific and cultural exchange agreements. Sino-US trade developed rapidly after Deng Xiaoping visited the US, the enterprises of the two countries contacts frequently, a series of agreements that promote Sino-US trade development were also be signed, include *the Agreement about Holding Trade Exhibition of the People's Republic of China and the United States of America* and *the Trade Relations Agreement of the People's Republic of China and the United States of America*.(Chen,1979) The two countries signed the 3-year *Sino-US Trade Agreement* on July 7th, 1979, and decided the most-favored-nation tariff was provided mutually from February 1st, 1980 that made normalization for Sino-US trade. After Deng Xiaoping visited the US, the vice president of the US Walter f. Mondale visited China from August 25th, 1979 to September 1st, they signed cooperative agreements of enlarging cultural exchange and hydroelectric generation during that period, meanwhile, the US decided to set up consulate in Guangzhou and Shanghai to promote the trade cooperation and communication of China and the US.

Figure1. Sino-US Merchandise Trade 1978-1990



Source: Figure is drawn basing on data from the US Department of Commerce

Figure shows that during 10 years after the establishment of Sino-US diplomatic relations in 1979, both export from the US to China and import from China to the US have achieved significant increase and total bilateral trade amount also has gained large growth. After 1980, the amount achieved a huge leap. The amount of export from

America to China increased to \$3.823 billion in 1980 from \$1.732 billion in 1979, while the amount of import from China to America raise up to \$1.06 billion in 1980 from \$0.6 billion in 1979. This increase could be partly attributed to America's change in its import regulation policy about China. According to related rules in Export Control Act, America divided its trade partners into several classes including Z, S, Y, W, Q, T and V. From left to right, each class embraced more relaxed regulation. China was in Y class with strict regulation on technology export before 1980. As China-US diplomatic relations became better, the US moved China to Q class. In 1983, concerning more about political matters, Export Control Act Amendment provided more relaxed rules on Chinese technology transfer. In 1986, China became the biggest provider of software technology to America.

Figure shows that trade friction and conflict were unavoidable while glorious bilateral trade cooperation between China and the US was achieved. In the early days after the development of Sino-US diplomatic relations, United States trade with China was in surplus. But after 1983, trade surplus turned into deficit which grew up from only \$47 million in 1983 to \$6.23 billion in 1989 with growth of as much as 132 times. What is more, US foreign trade was in deficit as a whole. Under such a condition, America emerged domestic trade protectionism which led to disharmony between China-US trades. Statistics in figure presents that from 1980 to 1989, United States Department of Commerce and International Trade Commission have launched 17 anti-dumping investigations against China's goods in various sectors, such as chemical engineering, steel, textile and the like. Among them, the textile industry was deeply damaged.

Apart from the economic reason of trade deficit, political factors also played an important role in bilateral trade and commercial relations. Due to the short time after establishment of China-US diplomatic relations, considering the differences of ideology and state character between two countries, the United State put a cautious and prudent attitude to China, and communist state, which was mainly presented in a special regulation aiming at "Communist states", the 406th article in *US Trade Act of 1974*. This regulation stipulated that president has privilege to take measures to such communist states, which means that when International Trade Commission conducts a survey according to the 201 Article, if exported goods disturb and threaten the US products of the same kind, president has right to take temporary emergency actions to restrict import of this kind of goods from most non-market-economy countries even though ITC investigation does not finish.

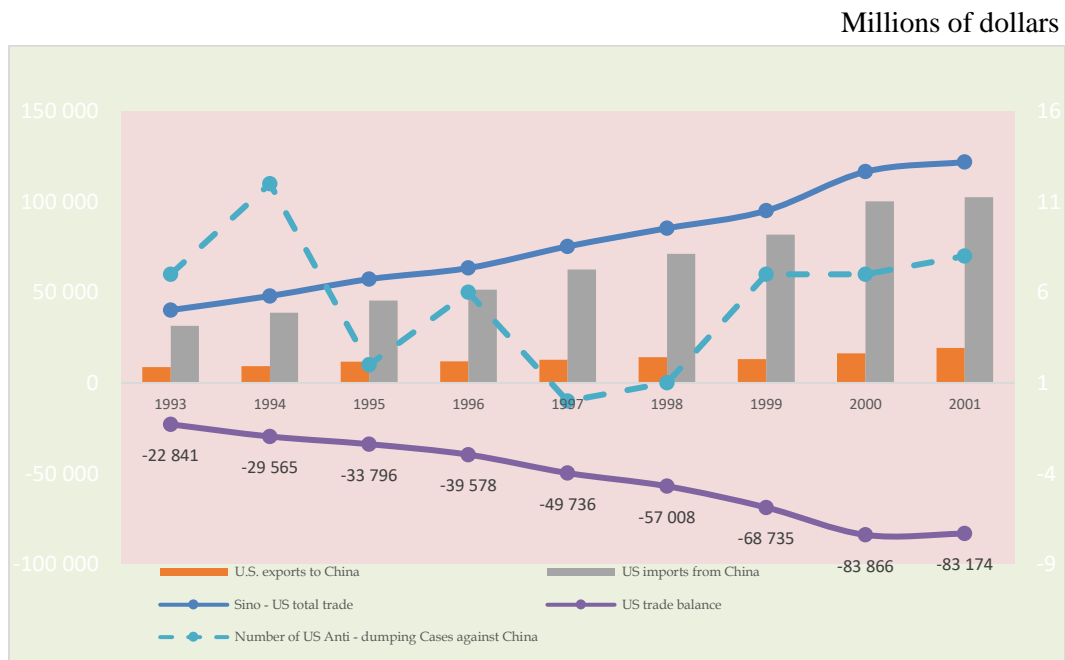
Because of a series of complicated international political affairs like Revolutions of 1989 and disintegration of the Soviet Union, America imposed five sanction measures on China and political and economic cooperation between two states stopped, which did great harm to bilateral trade exchange. Figure also shows that in 1990, US export to China declined almost \$1billion.

The Development of Sino-US Trade in the William Jefferson Clinton period (1993.1-2001.1)

As China deepened open policy, like the development of Shanghai Pudong New Area in 1990s, and enhanced its international strength, China-US relations of trade transferred to an inter-permeated and interdependent cooperative partnership from simple China's relying on import from the United States.

In order to adapt to the needs of foreign strategic transformation and industry upgrade, Clinton implemented Package Program of "New Economy" policy after his taking over power in 1993. Clinton changed the foreign economic principle from approving "free trade" to pursuing "fair trade", put forward "National Export Strategy" for the first time in history, and reinforced interference in export and protection to domestic companies, striving for more export chances for them. What's more, Clinton also enhanced the implementation of Comprehensive Trade Act of 1988 and the "Special 301 Article" in it, sanctioned countries having trade friction with the US, practiced trade policy of "multi-track system" and advocated combination of trade cooperation and communication which specifically presented in promoting operation of North American Free Trade Area, the development of Asia-Pacific Economic Cooperation and multilateral and regional trade cooperation such as GATT and Uruguay round of negotiation.(Dong,2013)

Figure 2. Sino-US Merchandise Trade 1993-2001



Source: Figure is drawn basing on data from the US Department of Commerce

Figure shows that Sino-US trade situation is good in the Clinton period, featuring that exports to China, the imports from China, and the overall Sino-US trade volume all show a rapid growth trend. American exports to China increased from \$ 8.7 billion in 1993 to \$ 19.4 billion in 2001, an increase of 1.23 times in nine years. The US imports from China also increased significantly, from \$ 31.5 billion in 1993 to \$ 102.6 billion in 2001, an increase of up to 2.26 times, so we can see that with the deepening of Sino-US trade, the dependence of the United States on China's import has been more than China's dependence on US imports, and it's fully validates the increasingly permeable Sino-US economic and trade relations between them. In May 2000, based on the bright situation, China and the United States reached a consensus that the trade relations between the two sides upgrade from the "MFN" to "permanent trade partnership", which can be described as icing on the cake.

Figure shows the deficiencies in Sino-US economic and trade cooperation can be found. Obviously, the US trade deficit with China has increased year by year, and it has been a tendency continues to expand, which soars from \$ 22.8 billion in 1993 to the \$ 82.3 billion in 2001, increasing nearly two times. Under such a situation, the United States has carried out up to 50 anti-dumping investigation cases on China in 9 years, with an average of more than 5 and the highest number is 12 in a year. On the one hand, this is affected by the widening trade deficit; on the other hand, it is mainly due to the political sensitivity of both sides. Many factors such as President Bill Clinton, a leader of the Democratic Party, was often influenced by internal anti-China forces, the political interests and positions of the two sides are also different on the Taiwan issue, the United States, as a powerful political power, has repeatedly intervened in China's internal affairs, etc. have worsen the political relation between China and the United States. However, with the deepening of economic globalization and the refinement of the international division of labor, the interference of political factors on economic cooperation tends to be weakened, and trade cooperation and exchanges tend to be rational and basically maintain a stable growth situation, which reflects that the US trade policy toward China was affected by the main interest of Sino-US trade cooperation and investment.

The Development of Sino - US Trade in the George Walker Bush Period (2001.1-2009.1)

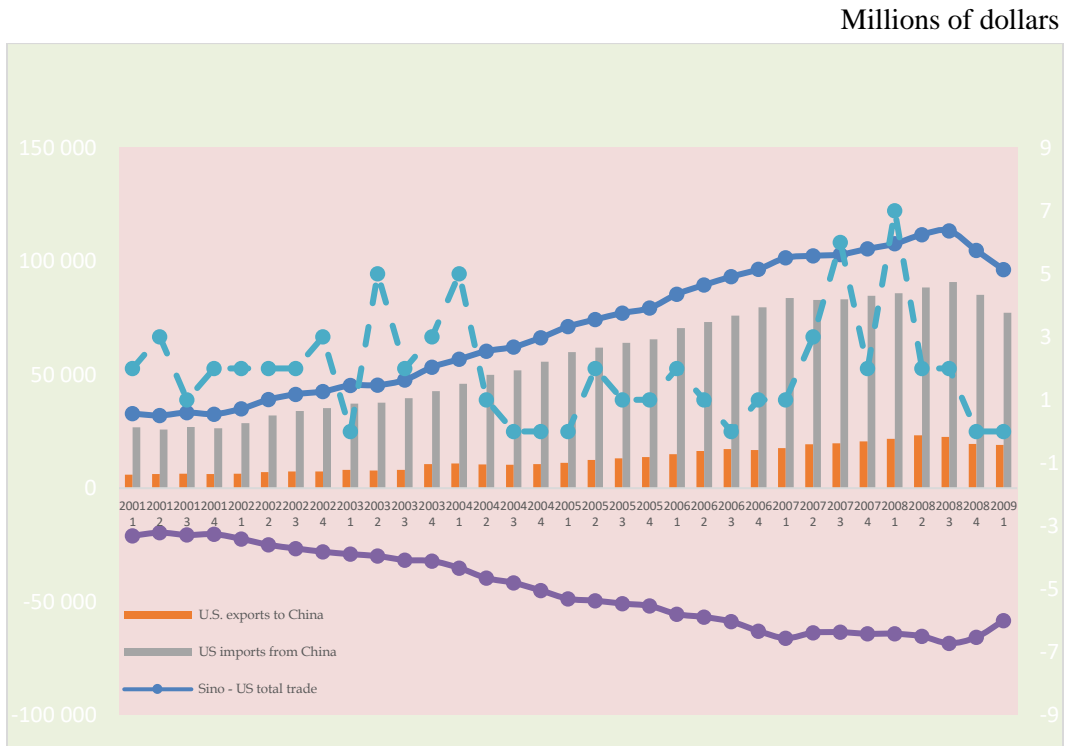
In 2001, George Walker Bush was elected as the new president and reappointed in four years later. During the eight-year term, he was affected by various emergencies. Therefore, the Sino-US relation had ups and downs and went through about three stages. It's a low tide of Sino-US relation in January to September of 2001. In the early days of George Walker Bush's entry into the White House, the US government adopted a tough policy on China between "ring-fence" and "contact", he rose that China and the United

States are “strategic rivals” rather than “strategic partners” in the Clinton period. In view of human rights issues, Hainan collision incident and the Taiwan issue, there are conflicts in different levels between China and the United States, resulting tension between the two sides. Figure shows that US exports to China, imports from China, the trade balance and the total value of Sino-US trade was essentially flat in the first three quarters of 2001, and there are few fluctuations among the three quarters.

It is a recovery period of the Sino-US relation from October 2001 to February 2005. The “911” incident compelled the United States to adjust its foreign strategy, and Bush quickly regarded safeguard national security and combat terror as an important task in his political career while he was aware of that China is an important alliance of the anti-terrorism forces. At the APEC meeting in October 2001, George Walker Bush formally proposed that the two sides need to establish a “constructive cooperative relationship” to strengthen cooperation and exchange in politics, economy, trade and military affairs. China became a member of the WTO in December 2001, and the United States announced China’s permanent normal trade relation (PNRT) on December 17 in the same year, which can reflect the key role of the United States in promoting China to achieve a major breakthrough in the field of international trade. Figure shows that there was a significant change of the trade volume compared with the previous three quarters of 2001. The US exports to China rose from \$ 6.2 billion in the fourth quarter of 2001 to \$ 11.2 billion in the first quarter of 2005, nearly doubling and breaking through \$ 10 billion in the fourth quarter of 2003. US imports from China also showed a rapid growth trend, which gradually increased from \$ 26.5 billion in the fourth quarter of 2001 to \$ 60 billion in the first quarter of 2005, an increase of 1.3 times. Corresponding to the increasing US trade deficit, there are 8 to 9 anti-dumping cases annually for obvious trade imbalance against China. However, the total trade between the two sides is also growing.

Sino-US relation developed steadily from March 2005 to December 2008. With the victory of the Iraq war, the United States shifted its attention to the rise of China, the announcement on Taiwan issue and the policy of “encourage India and restrain China” showed its defense awareness against China. There also appeared some disputes during their cooperation and development in economic and trade, including the United States exerts pressure on the appreciation of China’s Yuan, protect intellectual property rights and punish infringement. Figure shows that the development trend of trade between China and the United States is basically the same as that of the recovery period. However, the anti-dumping case of US against China in 2005 and 2006 decreased rapidly but increased to 12 cases in 2007, while countervailing investigation cases developed from nothing, which may because the increasing trade deficit and pendulous policy towards China.

Figure3. Sino-US Merchandise Trade 2001-2008



Source: Figure is drawn basing on data from the US Department of Commerce

The Development of Sino-US Trade in the Obama term (2009.1-2017.1)

In January 2009, Obama took the office, and it's a key period to prosper the economy after the outbreak of the financial crisis in 2008. The situation of internal and external difficulties make the United States has to re-examine and adjust its foreign trade policy. As early as the presidential election campaign, to fight for votes, Obama, as a leader of the Democratic Party, adheres to implement a more stringent trade protection policy and criticize many shortcomings of the free trade, but he positively positioned that the Sino-US relation is “non-friend and non-enemy” after he was elected, which can be seen in Figure.

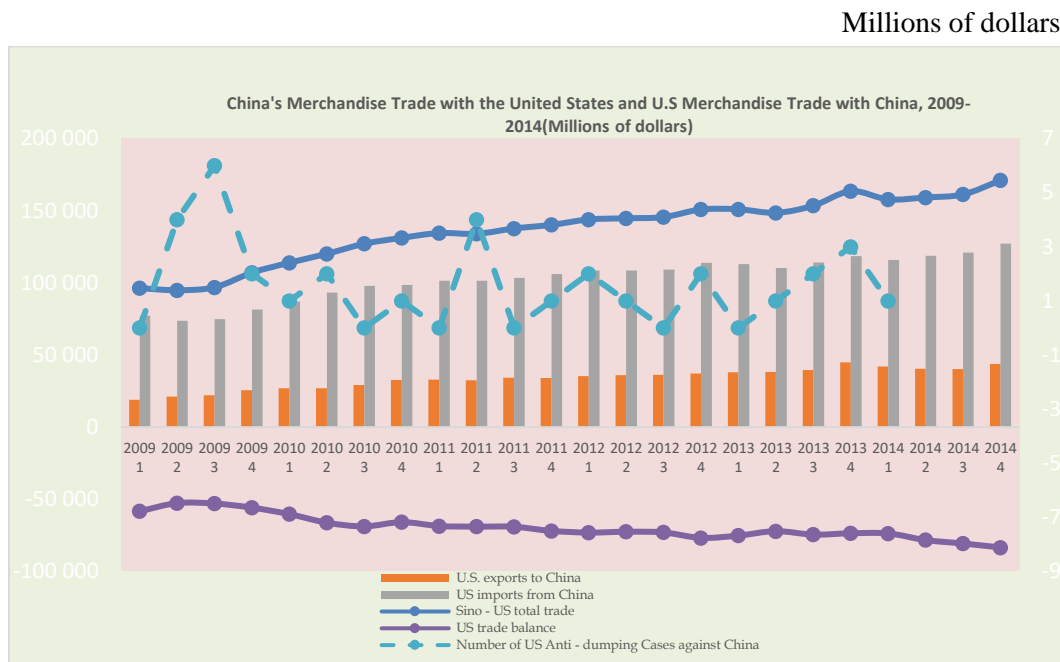
According to the US-China quarterly trade volume data, the US exports to China, imports from China shows a growth trend besides few occasionally decline in the period, and the overall trade volume also grows rapidly which won't be repeated here. We can

see a trend of increase and mutual-benefit in mutual-probe of Sino-US economic and trade relation.

However, due to the financial crisis in 2008, the unemployment of the United States increased rapidly, and coupled with its decades of trade deficit with China. To transfer the increasingly serious national conflicts and correspond to its re-industrial policy, Obama had created more trade frictions with China and made prominent policies. First of all, Obama used administrative and judicial means to strengthen the supervision and investigation on infringement of intellectual property rights against China, urging the establishment and improvement of the relevant protection mechanism. Second, the United States demanded for a more relaxed Chinese market, especially a more liberalized capital market to help their enterprises to settle in a broad area in China such as manufacturing, services and so on as soon as possible, and expand employment and reduce the Sino-US trade deficit. Moreover, call for China's financial system reform; promote the mercerization of exchange and interest rate to create a fair international market order. In addition, the United States launched a more frequent anti-dumping and anti-subsidy investigations against China, mainly concentrated in manufacturing where holds a huge employment, such as tires, steel, etc., and tried to set up new trade barriers to limit the export of Chinese products, for example, the carbon tariff on hand. According to Figure, we can see some relevant data.

The increasingly deepened Sino-US relation makes China have chance to fully exert its comparative advantage. The US trade deficit against China continues to expand, and it has reached \$ 83.4 billion in the fourth quarter of 2014. Frequent anti-dumping lawsuit against China follows. From the figure a basic law can be found. The US trade deficit will be reduced accordingly when the anti-dumping cases are more than the average, in another words, anti-dumping investigations have a restrain effect on trade.

Figure3. Sino-US Merchandise Trade 2009-2014



Source: Figure is drawn basing on data from the US Department of Commerce

Sino-US trade relations under President Trump

Table 4. Exports and imports of goods and services from the U.S. to China, bilateral trade surplus or deficit

Millions of dollars

Year	The U.S. exports to China	The U.S. imports from China	The U.S. trade deficit
2015	164894	498189	333294
2016	170485	478574	308089
2017	187522	522889	335367

Source: Liu, 2019

On March 31, 2017, Trump signed two executive orders focusing on the U.S. trade deficit. (Shen, 2019)

On March 1, 2018, President Trump announced to levy 25% ad valorem tariff on imported steel products and 10% ad valorem tariff on imported aluminum products. Although China is not the major direct exporter of steel and aluminum products to the

U.S., it still filed an appeal against the tariff to the world trade organization. The first round of the U.S. tariff sanction against Chinese goods was implemented on July 6, 2018, with a tax rate of 25% and involving a variety of goods valuing 34 billion dollars, such as aero tires, water heaters, X-ray machine parts and various industrial parts. This tariff measure was soon retaliated by China's tariff on U.S. goods worth of \$34 billion, and the tax rate was likewise 25%, these goods include electric cars, pork and soybeans. The second round of tariff sanction between the two countries was implemented on August 23, 2018, which was against imported products worth of \$16 billion, and the tax rate was still 25 %.(Liu, 2019)

Meanwhile, China filed a new appeal against the new tariff measure taken by the U.S. to the world trade organization. The third round of the U.S. tariff sanction occurred on September 24, 2018, which was against \$200 billion of goods from China, the initial tax rate was 10% and the tax rate increased to 25% since January 1, 2019. This round of tariff measure will increase the total value of Chinese goods affected by the new U.S. tariff to \$250 billion, which is close to half of the annual total value of the U.S. imports from China. The retaliatory measure taken by China was to impose new tariff rate of 5% to 25% on U.S. goods worth of \$60 billion, which increased the total value of U.S. goods affected by China's new tariff to \$110 billion. Moreover, President Trump has threatened to raise tariff on another \$267 billion Chinese goods if China retaliates against the new U.S. tariff, this would make the total value of Chinese goods affected by the new U.S. tariff to \$517 billion. (Liu, 2019)

According to the U.S. official statistics, the total value of the U.S. imports from China in 2017 was \$505.6 billion. (Liu, 2019) Therefore, if the new round of tariff sanction is actually implemented, all the U.S. imports from China will be affected by the new tariff. The impact of this Sino-US trade war on international trade and investment is not limited to China's economy and the U.S. economy, but concerns the global supply chain emerged and developed over the past decade. The trade war has brought great uncertainty to the consumption and investment decision-making of enterprises and residents all over the world, and may lead to permanent change of Sino-US relations.

CONCLUSION

This research analyzes the evolution process of Sino-US trade relations is sorted out and divided into four stages: Sino-US trade review from the Qing Dynasty to the Anti-Japanese War; Sino-US trade review from the Anti-Japanese War to the establishment of new China; Sino-US trade review from the establishment of new China to the establishment of Sino-US diplomatic relations; the development and change of Sino-US trade after the establishment of Sino-US diplomatic relations.

In the early stage of Sino-U.S. trade, although Sino-U.S. trade relations were inevitably affected by politics, Sino-U.S. trade was basically completed on the basis of

reciprocity and mutual benefit, which made the direct trade between the U.S. and China, develop very fast in spite of the late start. Although the Sino-U.S. trade fluctuated in this stage, it was still on an up-trend on the whole. The trade volume of U.S. to China also increased by over six times from 1791 to 1841, although the increasing the opium export from the U.S. to China eventually changed China's overall foreign trade from surplus to deficit, China was still in a surplus status in this stage of Sino-U.S. trade for most years. In the following several stages, the status of Sino-U.S. trade changes with Sino-US relations.

Since Sino-U.S. trade normalized, the trade balance status has experienced two distinct stages. The first stage was from 1979 to 1992, and the trade was in deficit all the time. The second stage was after 1993, the trade had been in a surplus state, and the volume of favorable balance was increasing constantly. China's deficit lasted for 14 years from the establishment of Sino-US diplomatic relations in 1979 to 1992. This is mainly because China implemented the trade policy with import substitution tendency in this stage, and the restriction on import was essentially the inhibition on export; in addition, China had just opened to the outside world, it was not familiar with the international market, and the international competitiveness of Chinese enterprises was also weak, so the deficit had been small. However, the absolute volume of Sino-US trade was relatively small during this period, so the proportion of the unfavorable balance volume in the trade volume was large and reached the maximum of 59% in 1980. With the deepening of China's reform and opening up, especially after the establishment of the goal of building a socialist market economy in 1992, China's regulation on foreign trade management system has gradually relaxed, which stimulated the vitality of foreign trade.

At the same time, the international competitiveness of China's products is increasing day by day. Especially, the competitive edge of labor intensive products makes the value of China's exports to the U.S. increase rapidly. Since 1993, the status of trade balance between China and the U.S. has been reversed. China became an export surplus country, its trade with the U.S. was in surplus and this trend had been continuously strengthening. After 1993, the proportion of China's surplus with the U.S. in China's trade volume had been increasing, especially after China's accession to the WTO in 2001, the proportion exceeded 40%. From 2005 to 2007, the proportion reached up to 50%. Then after 2008, affected by the financial crisis, China's export suffered a heavy strike. Meanwhile, the constantly increasing labor cost caused by the appreciation of RMB and the increase in salary made China's export of labor-intensive products even worse. The growth rate of China's surplus with the U.S. began to fall. But in 2017, China's trade surplus with the U.S. reached \$335.3 billion, which caused President Trump to sign two executive orders focusing on the U.S. trade deficit, and directly triggered the Sino-US trade war in 2018.

The imbalance of Sino-US trade is the primary obstacle against the development of Sino-U.S. trade relations, as well as the focus of the conflict of interest between the parties, and it is related to the divergences between China and the U.S. in exchange rate

reform, market opening and other aspects. The trade imbalance problem is not only caused by the industrial transfer and economic development mode of the U.S., but also related to China's long-term development strategy of fueling economic growth by investment and export. The key to the normal development of Sino-US trade relations is too well deal with the problem of trade imbalance, and this requires joint and long-term efforts of both parties.

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