

Research on the New Trend of Global Trade Protection in China and Coping Strategies

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Abstract: With increasingly fierce competition in trade all over the world, trade protection has become an important tool for national protection of each country's trade, reflected in more subtle protective measures. Formally, the anti-dumping and anti-subsidy, relative safeguards, blue and green and other non-tariff trade barriers now become an important way of trade protection. In this paper, through the analysis of the new trend of trade protectionism, and the impact on China's economic effect, the author wants to put forward strategies from three aspects of government, industry and enterprise.

1. Introduction

Since the financial crisis in the United States, most countries in the world try to revive the country's economy, have to adjust the structure of foreign trade, and adopt protective trade policy. Along with the increasingly fierce competition, in the protection of trade under the WTO framework, the formations are more subtle and complex, the world economy develops slowly because of the protecting trade appear again. However, as a large country in the development of China, in order to find foreign trade balance, also puts forward the corresponding policies and measures. China's growing role in world economic and political influence, plays an important role, but Europe and the United States and other developed countries on Chinese "Double Reverse" such as trade sanctions, as a trade protection, has affected the development of China and the world economy.

Scholars made a research on the new trend of trade protection, domestic experts mainly analyzed through technical, industrial structure and policy aspects. Heijden, Gilbert (2016) pointed that the EU adopted the Trade Secrets Directive ("Directive") on June 8, which entered into force on July 5 to address the patchwork of approaches taken by EU Member States^[1]. Y Wang, Z Wang (2018) Based on the global governance model, this paper simulates and analyzes the impact of the United States and other major countries and regions on the economic growth after both the imports and exports tariffs are raised^[2]. Kinzius, Sandkamp & Yalcin (2019) said different types of NTBs affect trade to a different extent. They investigated the effect of behind-the-border measures, showing that they significantly lower the importer's market access^[3]. CP Bown, A Erbahar, M Zanardi (2021) examined how trade protection is affected by changes in the value-added content of production arising through global value chains (GVCs)^[4]. "Grey Area" is a new phenomenon of the new trade protectionism, its terms of trade remedy defects, and lack of control mechanism. Measures such as "Double Reverse", it is the way to promote fair competition over the world, and currently has become a weapon in the hands of trade protectionism.

2. New trend of current world trade protection

Under the background of global economic integration, regional cooperation among different economies, however, the protection of its own trade is more hidden and measures one after another, compared with the new trend of trade protection in the world, appear more "reasonable" and concealed, mainly showed in the following aspects:

2.1. Blue trade barriers

Blue barriers, are the importer of laborer and survival conditions as reasons, the implementation of trade protection means. The core is the labor system, namely the SA8000 standard, also known as the “labor barriers”, by the labor standards, wages, security and management, with the purpose of promoting enterprise to increase efficiency at the same time, in order to protect the rights and interests of workers. This area to some extent inhibited the labor mobility, as an important production factor, multinational workers bear the brunt. The current standard and convention on the international labor organization convention, the universal declaration of human rights, etc., due to some developed countries face the country's rise in the unemployment rate, the phenomenon such as social instability, makes the migrant workers into the more difficult.

However, the implementation of this standard is the economic interests of the developed countries to safeguard their own trade, makes developing countries to export of labor-intensive products by huge losses. “Blue trade barriers” is the most effective tools for trade protectionism, to restrict the economic less-developed countries export products with resources advantages.

2.2. Carbon tariff barriers of trade

Carbon tariff barriers, in which a country's imports products, in the name of energy-intensive products of environmental protection in additional duties, surtax belongs to a kind of environment, designed to promote trade protectionism, reduce the impact of the foreign products in domestic market. Such as the United Nations framework convention on climate change, Kyoto and the Copenhagen agreement, etc., to some extent, some results are obtained through practice. But, after all, they are not laws, when in reality world face economic conflicts of interest, these practices will fail.

2.3. Special safeguard measures

Safeguard measure is one country against foreign imports of a punitive tariff measures, refers to on the basis of basic duties, for certain imports great products in the form of the surcharge to impose additional duties, it is a kind of trade protection act. According to WTO statistics show that by the end of 2013, WTO members had launched safeguard investigation up to 255.

2.4. Political protection: investment and finance

The current world economic competition is increasingly fierce, the form of trade war is hidden and diversification, many countries in order to protect the survival and development of the enterprise, create more jobs, make restricting foreign enterprise investment threshold, at the same time, the overseas capital flow, expand domestic demand. Not only that, but also use financial security measures such as the implementation of trade protection act, all of these have a huge impact on world trade.

Through the above analysis, we compile the following information:

Table 1 Forms of trade protection barriers of trade in China

Types	Patterns of manifestation
Blue barriers	Some of the more developed economies that import from China's clothes, toys and shoes products, and other products, should be through the detection of SA8000, or resist the imported goods.
Carbon tariff barriers	Developed countries import additional forms on Chinese carbon-intensive, mainly including mixed products such as steel, aluminum and cement additional duties.
Safeguard measures	China's clothing products are imported quotas by many European countries; China's export tire restricted by the United States.

<p>“Double Reverse” measures</p>	<p>China's photovoltaic industry is hit by America's “Double Reverse”; Paper products of China's export are restricted by the European; steel products of wheel hub are exported by the sanctions in the United States.</p>
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3. Research on economic effect in trade protection of the world

In the current world economy, America, Europe and other western developed countries pose trade protection policies mainly embodied in the establishment of non-tariff barriers, which has a higher “rationality” and concealment, generate negative impact on world trade. In this paper, through research on the economic effect of the environment at home and abroad, and through analyzing the mechanism of the less developed countries, it needs to seek the behaviors of world trade protection.

According to the H-O model, countries can export domestic resources in abundance of products. Assume that a country's comparative advantage lies in rich labor force, so it will export labor-intensive products A, on the contrary, assume that foreign capital is in abundant, it will product capital-intensive products B, two countries can exchange goods, each produces their own products, as shown in the figure below:

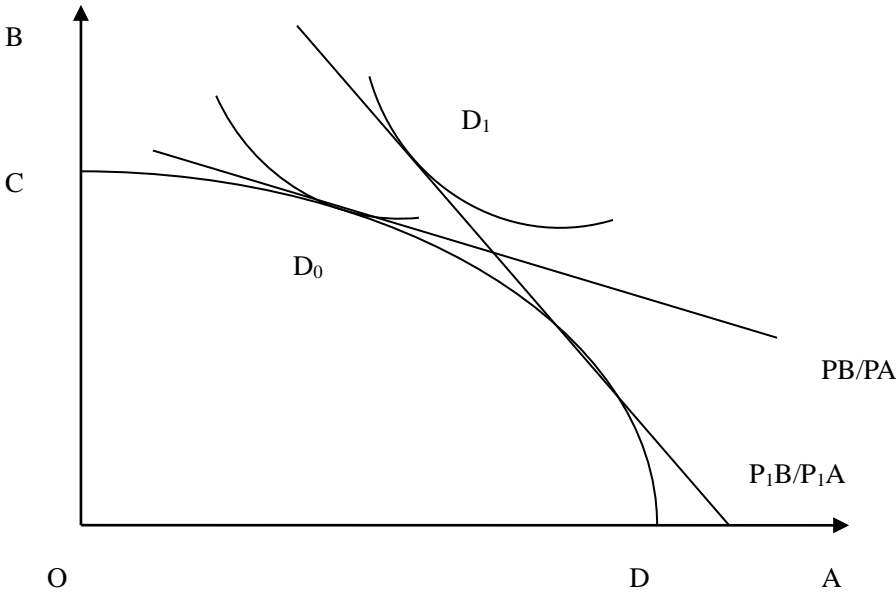


Figure 1 Social welfare levels will drop

CD curve is the country's production possibility curve, before the global trade protection, the ratio of the prices of commodities A and B is P_1B/P_1A , welfare level is D_1 . After foreign trade protection, trade of goods A reduces in the foreign market, which leads to the domestic market, make it in the domestic supply, lower price, PB/PA , from the perspective of trade of the dynamic analysis, the country's exports and trade condition worse in welfare levels.

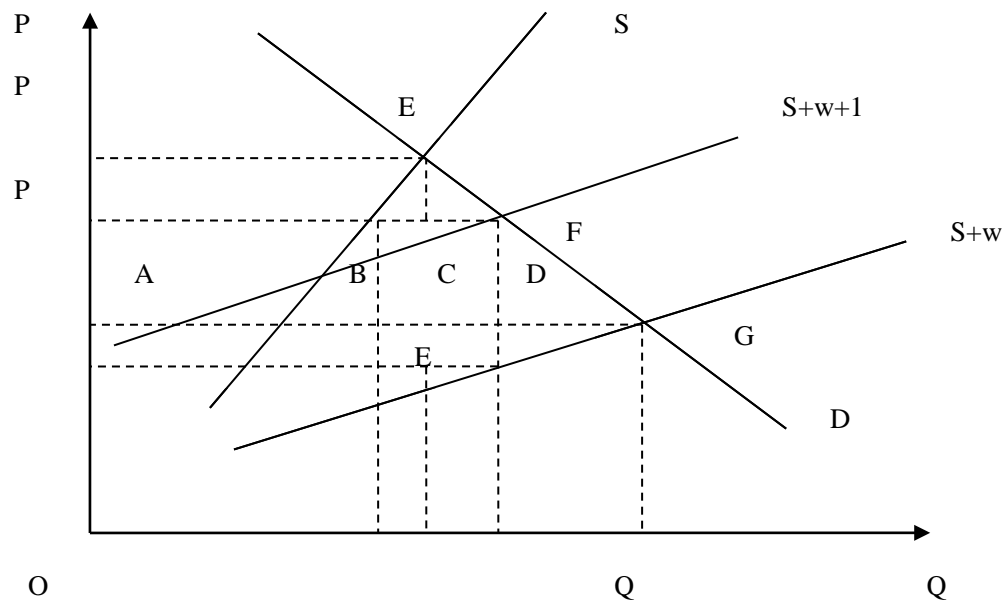


Figure 2 Tariff effect model

As is shown above, curve D is a country's domestic demand curve, curve S is a country's domestic supply curve. Among them, in the absence of foreign trade, E point is the equilibrium. If the country imports productions, the country's supply curve will be changed into $S + w$. Because of trade protection has to change the terms of trade, so as to supply curve has certain tilt, equilibrium will be G. When foreign trade protection is up to a certain extent, causes the supply curve is $S+w+1$, equilibrium will be F. Among them, the consumer surplus reduces to $A+B+C+D$. A means tariff redistribution effect, even if the consumer surplus is posed to the domestic enterprises; B is the tariff protection mechanism, is the country's resources inefficient forms; C is the domestic income effect, it is the consumer to need to undertake the duties of commodity exchange, and the rest of the move to government departments; D is the result of the tariff price increases and reduce consumption, is consumer's net loss; E is for the terms of trade effect, the result of a tariff rising commodity prices will be foreign to the redistribution of income in the form of transferred to the country, is the net income tax.

Above all, A and E are the transfer of consumer surplus; B and D are the net loss of consumer surplus; E is the country's net income, taxes and the effects on the domestic welfare ultimately depends on the size of the E and $B+D$.

- (1) If $E > B+D$, then increase the country's welfare;
- (2) If $E = B+D$, then the country's welfare is not changed;
- (3) If $E < B+D$, then decrease the country's welfare.

4. Effects of global trade protection in China

With the improving of China's position on the international community, some countries for Chinese products in the world pose a more concealed trade protection behavior, especially in the low-end market, try to suppress the export of Chinese products, world trade protection has caused the sharp reduction in the exports of Chinese products.

According to WTO statistics, from 2001 to the end of 2013, China's WTO accession has suffered from the impact of the international anti-dumping and anti-subsidy for twelve years. In the meantime, global anti-dumping cases in successive years increases, the scope of the main showed a rising trend, anti-dumping products from traditional labor intensive to resource intensive, involving products are more wide, the comparative advantage of Chinese products is shrinking.

5. Conclusion

5.1. Chinese countermeasures

As the biggest developing country in the world today, facing the new trend of global trade protection, China should actively respond to and make efforts to participate in the international game, improve competitiveness of their products. Seek extensive cooperation with the international community, obtain transformation of the corresponding policies related to the level of industry, cultivate high value-added products, and enhance their core competitiveness, mainly reflects in:

5.2. Macro aspect: government measures

5.2.1. According to the new trend of trade protection, China should constantly optimize and standardize its system

Since China's WTO accession, while actively formulated the relevant legal norms, and made efforts to develop foreign trade with other countries, and got a fast convergence, but compared with Europe and the United States and other countries in the world, there is still a gap between the advanced management concept and system. This is an urgent need for China when faced with a more concealed phenomenon of trade protection, make cooperation with the international community, and need continuous optimization and perfection of propulsion system and specification, in line with international standards, enhance the system guarantee of the product.

5.2.2. Expand domestic demand, establish early warning system

According to the change of international situations, China should expand domestic demand, strengthen the recognition of products. At the same time, establish an early warning system for the products for the domestic enterprises to do a good job of prevention, and make it a positive feedback, in order to realize the maximum to avoid or reduce the cost of trade protection. According to the characteristics of the product, making refinement trade policies.

5.2.3. Enhance political mutual trust, reasonable in settlement of disputes

By establishing diversified trade relations, actively promote the communication and collaboration among WTO members, build the sustainable development of economic relations, strengthen political and strategic mutual trust, and solve trade disputes through reasonable agreement, and achieve win-win situation. Through the development of free trade area and other regional cooperation, actively seek trade balance, reduce trade disputes, establish diplomatic relations with the rest of the world.

5.3. Medium aspect: functions of industrial organization

5.3.1. Advocate market diversification of development, establish a rational trade order

Pluralism in development among various industries, adjust the policy of industrial structure and layout, look for opportunities, expand the market and keep the industry norms and protection. Build a diversified trade order, in order to deal with the global trade protection phenomenon which brings adverse effects, can play an important role in the scope of the world economy.

5.3.2. Explore energy-saving industries, and improve the industry structure

Actively explore new energy industries, encourage industrial optimization of layout, make it adapt to the international situation, effectively form competitive power, promote efficiency of industries, perfect the relevant structure, and improve industry's resistance. Speed up the industrial upgrading, strengthen the vitality of the industry and the reaction ability, and realize the influence of the industries.

5.4. Micro aspect: the roles of export enterprises

5.4.1. Improve product technology in content, dig their own competitive advantage

China's foreign trade mainly depends on technology intensive products, with the improving of

the world's consumption level, however, need enterprises have high-tech products to meet the needs of the international market. Science and technology for the expansion of the enterprise and the market plays an important role, and raise the size of its economy at the same time, also form the brand awareness of the enterprise. At the same time, enterprises should explore their own advantages, avoid to produce products of trade friction, to build with independent brand products, and form an important countermeasure against trade protection.

5.4.2. Expand the scope of the market, optimize the standards of products

At present, the developed countries such as Europe and the United States, are the important direction of China's foreign trade, according to Chinese statistics, its cooperation with developing countries especially in Latin American countries faces also insufficient, enterprises should continue to expand trade range, avoid areas of trade disputes. By expanding the market, scatter trade risk, change the passive situation. Optimize the product structure and evaluation standard, and produce more products that meet the international practice.

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