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Acknowledgments

It's been five years since I first walked through Prague's Old Town Square. First of all, I want to thank everyone for their kindness to me. When I was afraid of being in an unfamiliar environment, when I was confused about what I knew in class, it was my teachers and classmates who reached out to me. I am very grateful to Mr. Budin in the International Office, who always gives me timely solutions when I need help. Among them, I would like to thank my supervisor Ing. Vladimír J. Benacek, Ph.D., the most. He is a respectable scholar who always takes every student seriously. He is a lovely and serious teacher and very kind. He is very responsible and friendly to all the students. Looking back, I have many fond memories of Charles University. I like PhDr. Vilem Semerak's class. He gives me serious advice. I also miss Salomon's interesting classes. With its simple subway lines and beautiful castles, Prague is a place to visit once and for all. Prague is not only charming, but also unforgettable because of its fairy-tale kind people.

In the turbulent three years of the epidemic, I have been in turmoil for a long time. After returning to China, there were many chores and my mind was very confused. I didn't settle down early enough to study the article, or even avoid doing what I should do. It's a bad idea to put off writing the thesis until now. Sometimes I even feel like I'm in a bad mood and I'm avoiding what I need to do. There was a time when I wondered if I was mentally depressed. For a long time, I felt like I was in the dark and wanted to fall asleep. In the three years stolen by COVID-19, it seems like I've been stuck in a rut. When I suddenly woke up, it seemed like everyone had a good situation, and I didn't know how to tell anyone. I really want to change the situation, but it seems that I have fallen too far behind, and I have no confidence. But no matter what, I still have a caring family around me, which is a great comfort to me. I'm grateful for my supervisor's generous concern again. I also want to thank a good friend here in particular. When I was stuck in the mud, he did not blindly urge me, nor did he blindly hit me. When I was

struggling to face the difficulties, soothing my emotions, I do not know these days if not him what kind of state of mind I would be.

I always felt that time was enough before, and it didn't matter if I delayed it, but I didn't expect to face such a delay now. Life is also a mess, I still feel confused about life. I used to think there was a lot of opportunity, but time slipped away after the reality was really cruel. Now I just want to learn a lesson, be an ordinary person, have family and friends, and find the future direction. Everyone wants to be the superman, but most people are just normal. Everyone has their time zone, too, and I hope it's not too late. When I was typing, I thought of Prague. It was an amazing time in my life. I hope that in the future, I can find what I want to do and end the confused predicament by myself.

Chapter 1 Introduction

1.1 The Research background and significance

With the rapid development of the economy in the 21st century, there is a super economy - China has gradually become a world player in the international trade market. Meanwhile, China has announced the strategy “One Belt, One Road” in the economy, which will bring China closer to the rest of the world and the trade between China and the EU. After the European sovereign debt crisis, the economic situation of European countries is pending new resolutions. At present, the EU countries are in a crucial period of economic recovery. The long-term sound trade exchanges between China and the EU are a benefit for China and the EU countries and play a very important role in the development of China and the EU countries' economy. Therefore, driven by the strategy “One Belt, One Road”, both the EU and China are moving towards a new kind of intensive development. This is of great significance to expanding the scope and space of the EU-China economic and trade cooperation.

Since 1993, the Sino-U.S. trade deficit has turned into a trade surplus. After that, the

Sino-U.S. trade surplus continued to expand. With a large population of 1.411 billion, China's labor resources have been relatively abundant. As a result, China has been focusing on the production and export of labor-intensive products in the international trade territory.

On the contrary, the United States has relatively abundant capital and mainly exports technology-intensive products. It is not difficult to see that the trade between China and the United States is complementary. The emergence of the Sino-U.S. trade surplus is mainly caused by this trade structure. After Trump took office, the United States introduced a series of policies to stimulate the American economy. But the US comes with rising trade frictions, which led to a trade war with China now. And the trade war continues under Biden's control now. If the trade between the two big economies is not handled properly, it will have a bad effect on world trade.

The objective of this thesis is to outline the development of trade between China with EU as well as between China with the US. Then briefly compare the similarities and differences in 2000-2020. Accordingly, to analyze the trade status, investments, and policies in China-EU and China-US in this environment. The next thing to discuss is the new opportunities and challenges brought by "One Belt, One Road", "Juncker Plan" and "Trade war". Finally, this paper analyzes how to develop trade cooperation between China and the European Union, as well as the United States.

Through the comparison of trade, on the one hand, this paper can roughly judge the status quo of China's trade with them, so as to further analyze the trade potential and profit size; On the other hand, the advantages and disadvantages of bilateral trade development can also be obtained through comparative analysis and the relationship between competitiveness and complementarity. By comparing the trade scale, trade status, and commodity composition, we can judge the trade basis and prospect. It can not only provide evidence for China's development direction and trade planning of future trade trends between the European Union and the United States, but also provide

feasible references for bilateral trade with countermeasures and suggestions.

Under the current downward impact of the COVID-19 pandemic on the global economy, this thesis puts forward recommendations and reasons that EU countries should put aside their doubts, seize the opportunities, and actively promote the implementation of the “One Belt, One Road” policy and America should actively conduct trade consultations with China to resolve the issue of trade in agricultural products, change the trade war into trade cooperation and promote the common development of bilateral relation.

1.2 Overview of trilateral key trade strategy

In order to better compare Chinese trade relations with the United States and the European Union from 2000 to 2020, it is necessary to summarize some of the big trade strategic layouts during this period.

1.2.1 China: One Belt, One Road

During September and October 2013, Xi Jinping put forward the strategic concept of jointly building the Belt and Road in the visit to Central and Southeast Asian countries. The "Belt and Road" refers to a fresh economic development area of the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road". The east end of the Silk Road Economic Belt is the vibrant Asia-Pacific region, the middle is the resource-rich Central Asia region, and the west is connected with the developed economies of Europe. The coastal port cities in China and Southeast Asian countries will be connected by “The 21st Century Maritime Silk Road”. Through maritime connectivity, port city cooperation mechanisms, and maritime economic cooperation, it will benefit surrounding countries and regions, including China and ASEAN, and then radiate to South Asia and the Middle East. The concept aims to jointly organize a huge community, which includes three main parts: interests community, destiny community, and

responsibility community. And what does it emphasize and feature the political mutual trust, the economic integration, and the cultural inclusiveness. The implementation of the "One Belt, One Road" strategy will help China and the countries along the Silk Road give full play to their respective advantages, draw on each other's advantages then create a mutual benefit.

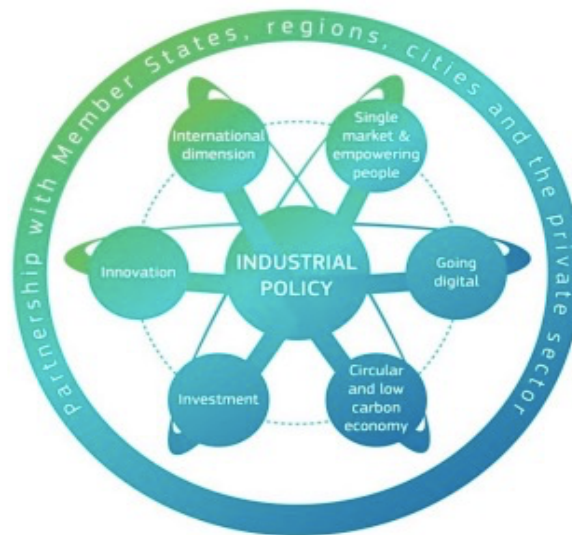
1.2.2 EU: Industrial Strategy of Juncker Commission and Von der Leyen Commission

Since 2017, the Trump administration has produced a series of new technology documents that bear the hallmarks of economic nationalism. Made in China 2025 is being steadily implemented, and its position is constantly improving in the global industrial and value chain. China and the United States are increasingly competing in technological and industrial development. In this situation, the European Commission is working on producing a series of new industrial strategy documents to address this change. This round of industrial strategy has obvious "vertical" support characteristics. The core is to build a “Strategic value chain” of the EU to achieve the purpose of independently grasping the high-end manufacturing system in the digital era. In 2019, the European Commission released the report “Strengthening Strategic Value Chains for a Future-ready EU Industry”, which listed new energy technologies, hydrogen technologies and systems, industrial Internet of Things, new energy vehicles, smart health, and low-carbon economy, and cybersecurity as six key areas.

In 2017, the Juncker Commission published a renewed the European Union industrial policy strategy “Investing in a smart, innovative and Sustainable Industry”. It aims to improve the EU's industrial competitiveness and boost long-term growth drivers for the economy. This comprehensive strategy can be summarized as six support points and one imperative. As can be seen in the figure below, the Juncker Commission is working in partnership with member states, cities, the private sector, and others. The cooperation

of prospective multi-level actors is a necessary condition. The single market, digital transformation, low carbon and circular economy, investment, innovation, and the international dimension are the six pillars of the new industrial strategy.

Figure 1: EU industrial policy strategy from the Juncker Commission



The focus areas of the Juncker Commission's new Industrial strategy are: building a single market that is deeper and more adaptable to the digital age; Promoting industrial upgrading in the digital age; Strengthening the EU's leadership in the low-carbon and circular economy; Promoting industrial investment in the industries of the future; Strengthening innovation policies in key research areas; Creating conditions for a new industrial strategy at the international trade level.

Overall, the EU's new industrial strategy has a more obvious "vertical" support color. It places greater emphasis on strengthening European technological sovereignty through an industrial strategy. By mastering the "strategic value chain", it aims to focus resources on promoting innovation in key areas such as new energy technologies, hydrogen technologies and systems, industrial Internet of Things, new energy vehicles, smart health and low-carbon economy, and cybersecurity. This would prevent Europe from falling behind in the international competition for technology and industrial strategy. In addition, the European Commission has shifted from a reactive response to

the recession to a proactive search for new industries to develop. It focuses its initiatives on micro - and long-term investments, particularly support for green infrastructure and investment in R&D and innovation.

In December 2019, Von der Leyen was elected as the new President of the European Commission. Under her leadership, the European Commission has issued a series of policy documents, including a New Industrial Strategy for Europe, a Strategy for the Integration of the European Energy System, a White Paper on Artificial Intelligence, and a Circular Economy Action Plan. Starting with the Green New Deal and digital infrastructure, integrates the industrial chain of various sectors of the European manufacturing industry into an efficient whole through institutional integration and electronic information platform communication. Key areas include artificial intelligence, robot manufacturing, digital information service platforms, green transportation, and energy integration. In these framework documents, the European Commission sets out several visions and solutions. The intention is to construct the economic and technological sovereignty of the EU more effectively, which reflects the strategic layout of the EU leadership.

The macro-strategic vision of the European Commission's decision-makers is that the EU's high-end manufacturing industry occupies a leading position in the world. At present, the European industry is facing many challenges, mainly manifested in the geopolitical impact on European industry and the increasing market challenges of global competition. This has led Europe to decide on a dual transformation, both ecological and digital, to enhance strategic autonomy and industrial competitiveness. The European Green Deal (2019) is seen as the most important sustainable development strategy in Europe, with the central goal of making Europe the first carbon-neutral continent in the world by 2050. To achieve this goal, energy-intensive industries will play a decisive role in all industrial value chains. Innovation, investment, and development of green infrastructure will provide a better production environment for the supply of clean energy.

In addition, Digital Sovereignty for Europe (2020) aims to build European “Technology and data sovereignty”, make Europe a digital leader, and strengthen the transformation of Europe's digital single market. According to the European Data Sovereignty Strategy, first, Europe will increase and decrease research and funding in artificial intelligence, 5G, data, and other fields. Second, Europe will develop a public data management framework that allows companies to create, pool, and use relevant data. Third, Europe will focus on improving industrial capacity in digital infrastructure, especially research, and investment in 6G networks, in order to become a global leader in digital technology.

To sum up, the EU's industrial strategy is an integrated policy system with multiple layers and sectors, with the aim of building European "Data, economic and technological sovereignty." The construction of "strategic autonomy" has gradually become a specific strategy and policy in the Von Der Leyen period from the idea of the Juncker period. This round of EU industry is intended to use the EU's "strategic value chain" as a connection point for different sectors. This brings investment in research and development and other resources from within the single market to EU decision-making levels to improve efficiency. Building on the Juncker Commission's industrial strategy, the von der Leyen Commission further pushed the EU to accelerate its digital infrastructure and put forward a more detailed strategic vision in important areas such as the Green New Deal. In the future, the specific policies of the Industrial strategy of the von der Leyen Committee will be constantly updated in line with the investment in research as well as the improvement of new technologies and changes in the international situation.

1.2.3 US : Trade war & Turbulent US-EU alliance

With the economic development, the relationship between the three major economies of the United States, the European Union, as well as China has fluctuated to varying degrees, and the competition among the three economies has been intensifying.

Since Trump took office in 2017, he has made the "America first" principle the core principle of diplomacy. It means advancing the policy towards Europe in a transactional way, especially in the fields of trade, economy, and national security. This is different from the traditional provision of public goods by the United States to the world through the existing international system. The Trump administration has abandoned this tradition in favor of narrow visual benefits. This has become the voice of anti-globalization and unilateralism in many areas.

In 2018, the "Trade war" broke out in the United States and China. On March 22, the Trump administration announced big news, which is "\$50 billion in tariffs on Chinese goods for intellectual property infringement." China immediately announced reciprocal retaliatory measures. On September 18, the Trump administration announced that the United States will impose 10% tariffs on \$200 billion worth of Chinese goods from September 24. This rises to 25% from 1 January 2019. The Chinese immediately announced tariffs of 10 or 5 percent on \$60 billion of US goods exported to China.

When the Sino-US trade war is raging, there is also a "Trade war" between the United States and Europe. After Trump's series of unconventional policies, differences, and disputes between the US and Europe intensified. This has also indirectly led to strategic anxiety in the EU about the turbulence in the existing US-led international order.

In March 2018, the Trump administration also imposed tariffs of 25% on European steel as well as 10% on aluminum products. The EU then hit back by filing a complaint with the World Trade Organization and imposing retaliatory tariffs on US industrial goods such as steel and clothing. In June, the United States again launched a "232" investigation into EU cars, followed by the United States launched a 301 investigation in April 2019. The United States set up a list of products to impose tariffs on Airbus helicopters and aircraft parts. In December 2019, in order to increase sales of U.S. shale oil and hit Russia on energy issues, the United States sanctioned Nord Stream 2, a gas transmission project between Germany and Russia. Multiple trade disputes and the US's

rejection of multilateral coordination mechanisms have divided the US and Europe.

In recent years, the EU has repeatedly launched anti-monopoly, tax avoidance, and other investigations against super-large US Internet giants, and imposed administrative penalties on non-compliant enterprises. Tech giants Google, Apple, Amazon, and others have long controlled consumers' personal data. In 2018, the European Union fined Apple 13 billion euros for tax avoidance. European Union antitrust authorities have fined Google more than 9.3 billion euros over advertising competition issues (Zhao 2020). In the last few years, the European Union has formulated a lot of rules for the transformation of the digital economy. For example, the Digital Single Market Strategy, launched in May 2015, aims to optimize the internal market and reduce the rules that prevent European companies from becoming stronger and bigger and high-tech research and development. In 2018, the European Union introduced the General Data Protection Regulation, intended to regulate the cross-border flow of data by large enterprises outside the region. There have been many disputes between the United States and Europe on digital tax issues, and in July 2019, the United States launched a "301 investigation" on data service taxes in France and other countries. In June 2020, the US Treasury announced that it was suspending multilateral negotiations under the framework of the Organization for Economic Cooperation and Development (OECD). In response, the European Union said that if the United States and Europe can not reach a multilateral framework agreement, the EU will impose a 3% digital tax on Google, Apple, Amazon, and other Internet giants.

As trade competition intensifies, the alliance has fluctuated between the United States and the European Union and uncertainty has increased. Contradictions and competition between the two sides in the economic and trade fields have deepened, and the trade war has caused tensions in bilateral relations.

Chapter 2 Theoretical background and literature review

2.1 Introduction

No matter the trade comparison between China-EU and China-US, they both belong to the category of international trade. And international trade is mutually restricted and interdependent, so the concept of “Win-Win” should run through international trade cooperation. Each should draw on its own strengths and needs, which means it is sometimes necessary to cede some benefits in order to achieve a positive balance of trade. This will also be conducive to the healthy development of trade cooperation among economies and promote the prosperity of the world economy.

This chapter will sort out the relevant theories of international trade from the theoretical level and clarify their development. From different perspectives of contemporary scholars, it also reviews various thoughts and discusses the trade progress of China-EU or China-US trade relations, then dialectically analyses their views on the prospect of bilateral trade. Through the analysis of relevant theoretical background and scholars’ points, this chapter provides the basis and support for the understanding and comparative analysis of China-EU and China-US trade. It also lays a good foundation and reference for further bilateral or trilateral data and index analysis.

2.2 Theoretical Overview

International trade theory explains the generation of international trade, the benefits of international trade, trade policy formulation, and its influence by the pure theory of international trade, trade policy, and the trade and economic growth’s relationship (Li & Zhang, 2010). This is to say, the international trade theory is mainly aimed at the resource allocation between two or more two economies around the world.

2.2.1 Theory of comparative advantage

The concept of comparative advantage exists within two partner countries. It refers to economic conceptions of producing items with relatively fewer costs and stimulates the promotion and evolution of specialization, which contribute unprecedentedly to efficiency by utilizing what an economic entity is adept at.

Adam Smith (1776) was the first one to propose “the Theory of absolute advantage” in his work *An Inquiry into the Nature and Causes of the Wealth of Nations*. He argued that trade between the two countries stems from absolute differences in production costs. A country may be able to produce more than one good, but if it can buy a cheaper good from another country, it should buy that good from another country, which is good for both countries. With the development of trade, the limitation of this theory gradually highlights, and it cannot explain the basis of trade between all countries in reality. That is, there is no explanation for trade between countries that have an absolute advantage in production costs in all sectors and countries that do not have an absolute advantage.

Then, David Ricardo (1817) expanded Smith’s view and proposed the “Principle of Comparative Advantage” in his representative work *On the Principles of Political Economy and Taxation*. He demonstrated the theory of comparative advantage and believed that comparative advantage is the foundation of international trade. He explained the phenomenon of trade between the most technologically advanced and the least technologically advanced countries. He believed that the relative difference of production technology among countries led to the relative difference of production cost and product price, and then produced the comparative advantage among countries. That is to say, even if a country does not have an absolute advantage in all products, as long as it has a comparative advantage in some products, it can participate in international trade. Ricardo believed that comparative advantage stemmed from relative differences in production techniques.

This paper will use the revealed comparative advantage index to calculate and analyze

the imports and exports between China and Europe and America. In this way, we can clearly see the dominant industries and trade trends among them.

2.2.2 Factor Endowment Theory

During the early 20th century, the Swedish economists Heckscher and Ohlin (1933) initiated the “Factor endowment theory” in *The Problem of Interregional and International Trade*, which developed the comparative theory by David Richard. It became the representative of neoclassical trade theory. Every economic entity has an edge over the competition by producing and exporting products depending on those comparatively more endowed resources. They believe that the advantage in the abundance of labor, capital, land, and other factors of production is the reason for the high production efficiency of a country’s comparative advantage products. Different commodity production requires different allocation of factors of production, and different countries have different reserve ratios and resource endowments of factors of production. The input ratio of each factor and the scarcity of a country's resource reserve have an important impact on the production cost. That is to say, the difference in factor endowment in different regions leads to the difference in factor price in different regions, which leads to the difference in the production cost of commodities in different regions. The difference in commodity prices determined by production costs is the direct cause of international trade. Therefore, the factor endowment of each country and the difference in the input ratio of each factor in production are the fundamental reasons for the emergence and flow of international trade. According to this theory, countries should concentrate on producing and exporting goods that use their abundant factors intensively and importing goods that use scarce factors intensively. It is such differences in the allocation of production resources or factor endowments that are the basis of international trade.

On the basis of factor endowment theory being widely accepted and applied, the trade theory model has also been developed. Harberler, Lerner, Leontief, and Meade

constructed the standard trade model by using technology, factor endowment, and preference. The standard trade model shows that the demand for trade between countries is due to their differences in at least one aspect of technology, factor endowment, and preference. As long as there are differences, Then there will be a comparative advantage, and then there will be trade demand (Li and Zhang, 2010).

The background of this theory is that the production form of the industry is labor-intensive rather than technology-intensive, the main products of international trade are spices, silk, minerals, tobacco, etc., while the country's resources, capital, and technology are in a state of development. However, since the 1960s, the world trade pattern has undergone significant changes: the volume of trade between developed countries has risen rapidly; Intra-industry trade is also growing fast; A country imports and exports the same product. The traditional trade theory is not enough to explain the rich and diversified trade patterns. Therefore, scholars have optimized and improved it and formed new theories of international trade. The theory has been further modified and developed by adding human capital elements in practice. It is the basic theory guiding international trade, which marks the Western international trade theory formed.

2.2.3 The Theory of Product Life Cycle

In the middle of the 20th century, Raymond Vernon put forward the product life cycle theory after studying the investment behavior of American multinational corporations. He proposed that the investment decisions of multinational companies depend on the movement of it. The theory divides the life cycle of a product into four stages: introduction, growth, maturity, and decline.

In the first stage, the product is in the innovation period with high capital and technical requirements, and the demand is inelastic. It can therefore be exported to trading countries. When the research and development of the product is completed or tends to mature, the product enters the second stage - the growth stage. In this period, the demand for capital and technology is reduced, the elasticity of demand is increased, the

marginal income is increased, and the requirement for cost reduction is increased. Thus, the finished goods can be traded by moving the production process to a trading country with lower labor costs. When the technical advantage of the product is reduced, the market competition is increased, and the demand is elastic, the product enters the third stage – the maturity stage. At this stage, products tend to be standardized, substitutes increase, and price becomes the key to competition. Control of the cost is the key. As a result, the production and distribution of products are gradually shifted to developing countries with cheap labor. With the rapid development of science and technology, and social productivity, the competitiveness of the original products in the market is weakened and the demand is reduced. Some enterprises will stop production due to unprofitable or low profits, and only a small number of lower-cost enterprises will produce and sell locally where there is demand until the product is completely withdrawn from the market.

The theory fits in well with actual trade. Because a trading nation's product mix does not remain static at one stage, nor does it continue through four stages. It will be based on its relative changes in the conditions of production and competition with the trading country. Under normal circumstances, research and development in developed countries, export, transfer to more developed countries, and then export to developing countries. This completes the dynamic transfer between countries, and the process of transfer is the process of trade.

In the context of globalization, developed countries and developing countries are not equal in the international division of labor. Developed countries occupy the high value-added end, while the vast majority of developing countries are at the low value-added end. As a result, the benefits of globalization are skewed toward developed countries. In fact, it is difficult to promote the upgrading of a country's comparative advantage through market forces, and under the role of profit maximization, countries tend to produce products with comparative advantages. This makes the original comparative advantage continue to strengthen. Increasing investment in technological innovation

and accelerating the accumulation of human capital so as to create long-term dynamic comparative advantages are the key points that tripartite needs to overcome in the process of trade cooperation.

2.3 Reviews related to trade relations and comparison of Sino-US & China-EU

2.3.1 Literature review on China-US trade relations

Elms (2004) argued that trade frictions will greatly increase the trade transaction costs between trading countries, which in turn will greatly reduce the room for trade gains and cause huge losses to trading parties. Rachel (2005) pointed out that trade protectionism measures are extremely open to backfiring, which is adopted by the United States against China. For example, tariff sanctions will not only reduce China's foreign trade volume but also reduce the trade volume and market space of the United States, which will bring some damage to the domestic economic development of the United States. Iritani and Don Lee (2006) believed that the US conducted a trade investigation against China under a series of politically motivated trade excuses to provoke trade disputes, which would not only damage bilateral trade relations between the two countries, reduce bilateral trade volume and trade scope, but also lead to the outbreak of domestic social problems in the US.

Let us look at the analysis by the Chinese economists. Bao Xiaozhong (2016) believes trade frictions could make a huge negative impact on China's exports of nearly \$10 billion. Zhang Peiqiang and Zhang Xingquan argued that the US anti-dumping investigation against China would lead to higher prices and lower productivity for Chinese exporters. Ni Hongfu simulated the economic effects of China and the United States after imposing tariffs between themselves, and the results showed that the welfare level of China and the United States would be negatively affected to a certain extent. Li Chunxiang believes that trade friction will stimulate China's technological

innovation and industrial restructuring, accelerating China's economic adjustment. Yang Rong analyzed the economic effects of trade friction with the method of quantitative regression. She believed that trade friction would worsen the terms of trade in China and reduce the profit space of China's foreign trade enterprises. Zhao Jin (2004) believes that more and more US anti-dumping investigations on China's high-value-added products will seriously affect the export of China's high-value-added industries. Yu Cuiping (2018) used the trade similarity index and Lawrence Index to make an empirical analysis, in order to find some similarities as well as fluctuation range in China-EU's export relations. Combining the factors of the two countries, Yu Cuiping draws the conclusion that the trade structure of the two countries has a high similarity in exports. Jiang Hao (2010) found through empirical research that SITC7 products accounted for the largest share in the commodity structure of Sino-US trade. In other words, the United States and China have already shifted to intra-industry trade, which is highly complementary. Wang Xiaoyan (2018) pointed out that from the perspective of the trade structure between China and the United States, China needs to adjust the mode of economic growth that relies too much on exports, and the export structure of foreign trade should also be transformed and upgraded. Zhao Shuogang (2018) pointed out that the trade frictions initiated by the United States against China are highly concentrated in categories 15 and 6 under the HS standard classification, and industries with greater political influence in the United States can be selected for countermeasures. Cheng Chen (2007) calculated the Lawrence Index, G-L index, and other indicators, and proved that the Sino-US trade during the period from 2001 to 2006 was mostly inter-industry trade, with intra-industry trade accounting for a small proportion. During this period, the commodity structure changed little, and the change in trade structure changed the international division of labor between the two countries, reducing their complementarity. And that creates friction.

Ma Zhaoji (2015) sorted out the evolution process of the Sino-U.S. trade structure and trade friction from the perspective of industrial structure. Ma Zhaoji believes that China

has gradually optimized its trade structure with the United States, which has led to more Sino-US trade frictions. The intensified trade friction between China and America is the inevitable result of the industrial transformation and upgrading of the two countries.

Some scholars also compare the relationship between Sino-U.S. trade frictions and the structure of Sino-US trade goods and the trade frictions between the United States and other countries.

2.3.2 Literature review on China-EU trade relations

The study of China-EU trade has been discussed by domestic and foreign scholars. Zhou Hong believes that there is an asymmetry in economic development, political and social systems, and historical and cultural areas in China and the EU. This condition will make a negative effect on China-EU trade contacts. Zhou Wengui (2006) believes that although the bilateral trade relations in China-EU have sustained a sound momentum since the diplomatic relations establishment. Besides, there are some problems should not be ignored, such as the market economy status of China as well as the trade deficit between the EU with China. Zhao Jinping (2007) believes that trade between China and Europe still has huge potential, which is mainly due to China-EU's economic complementarity and the great bilateral trade. Li Guangji (2008) believes that China-EU trade relations have come to a crossroads, and the main points of contradiction are trade imbalances. The two sides are not wrong to integrate into globalization, but they should choose policy tools more carefully and actively strengthen bilateral dialogue.

Rafael Leal-Areas (2009) analyzes the potential of the trade relations between the EU and China as well as other European trading partners. He believes that building peaceful, secure, and prosperous trading partners in the 21st century is the goal of the EU in trade issues. Under the background of the financial crisis, Sophie Meunier believes that foreign direct investment has declined sharply. However China's investment interests in EU countries through mergers and acquisitions and other investment methods are

increasing. Since it was raised, the “One Belt and One Road” strategy has promoted close ties and cohesive cooperation between China and the EU in trade, transportation, currency, and other aspects.

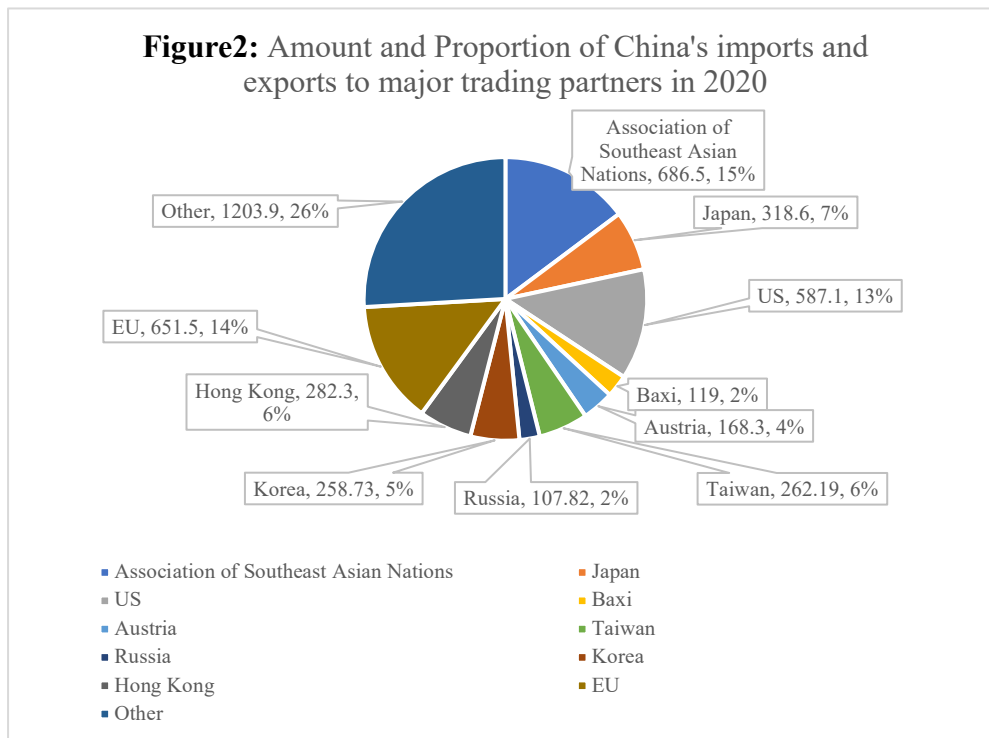
By analyzing the sample data from 1986-2005, Wang Yue and Chen Mingwei (2007) concluded that EU direct investment in China has a significant co-integration relationship with China-EU’s exports and imports. This indicates that the long-term development relationship is relatively stable in the European direct investment to China. Also, China-EU trade is trying to balance development, and the scale between the two also has the same changing trend (Wang Yue et al., 2007). At the same time, they also found that FDI stock has a promoting effect on the export in China, also FDI flow has a significant effect on imports. Therefore, a great increase in China's absorption of EU direct investment stock will have a greater impact on China's trade surplus with Europe (Ye Wenjia, 2008). Hu Xiao and Wang Taosheng studied the structural characteristics of the EU's direct investment in China and China's exports to the EU through data analysis, and the results showed that there was indeed a significant correlation between them, and demonstrated through quantitative methods that China's absorption of EU's direct investment would play a positive optimization effect in promising the export structure of China-EU (Hu Xiao et al., 2011).

Benign exchanges between China and the United States as well as the Europe will increase, but a "zero-sum game" and unilateralism will still be one of the reasons that hinder stable cooperation between China and the United States, and Europe. According to Bao Hong (2010) in the Increasingly Prominent China-US-Europe Strategic Triangle, the new strategic triangle relationship between China and Europe is gradually taking shape, and the most important factor affecting the development of China-US-Europe relations is the United States, and China will gradually become the most active influencing factor. The balance of the trilateral relations is gradually deepening. And the focus on competition and cooperation is increasing among China, the United States, and Europe. Although each bilateral partnership is faced with many problems, which

inhibit the benign interaction of the three-way partnership, the Sino-US and Europe triangle relationship will still become one of the important triangular relationships in the future of the world, and there is no shortage of zero-sum colors. Cao Wei (2021) mainly uses two models for quantitative analysis in "Strategic Third Party Selection under Sino-US Strategic Competition: Analysis of Sino-US India, Sino-US Russia, and Sino-US Europe VAR Models based on Massive Event Data". From the dynamic pattern of Sino-US and European interaction since 2008, he concluded that "With the continuous treatment of China by the United States, the EU is likely to improve relations with China." If relations between the United States and the European Union continue to ease, they will build solid allies, it will cause the EU to adopt a policy of distancing itself from China. If Sino-US strategic competition continues, the EU will become an important breakthrough to ease China's external strategic pressure." Pradeep Taneja (2010) believes that in the past three decades, the relationship between China and the EU has developed rapidly, and international trade is its pillar. There are many strategic interests and positions that could be shared in EU-China.

Chapter 3 The trade development between China with the EU as well as the US:

3.1 China's top ten trading partners in the world



Data Source: The World Bank

Figure 2 shows the respective shares of China's trading partners in total trade in 2020. As can be seen from the data, ASEAN ranks first among 15% of the countries, followed by Europe at 14% and the United States at 13%. China's largest trading partner is ASEAN. Their relationship has become increasingly close. Most of the 10 ASEAN countries are developing countries, most of them are also China's neighbors, and the two sides have close trade exchanges.

In 2020, China became the EU's largest trading partner in the world, which overtook the United States for the first time. In the same year, US exports of goods to EU countries fell 13.2%, and EU exports to the United States fell 8.2%. Both EU imports and exports to the US fell. Although China has been affected by the COVID-19 pandemic in the past few years, it has recovered production fastest among the EU's top 10 major trading partners. The recovery of domestic demand in China has created a rare opportunity for European products. In the automotive sector, in particular, China is already the EU's largest exporter. The strong demand for medical supplies and electronic products in European countries has also promoted the export of relevant

products from China to Europe. China has jumped to become Europe's largest trading partner, which is also a sign of the strong economic cooperation between the two countries. China's 14th Five-Year Plan started in 2020. In the same year, the large-scale economic recovery plans of European countries began. This means that the cooperation in such two super economies will bring major development opportunities. So the conclusion of the Sino-European CAI negotiation also brings more opportunities for the development of European companies in China.

3.2 The development and characteristics of China-EU trade

3.2.1 Overview of China-EU import and export trade

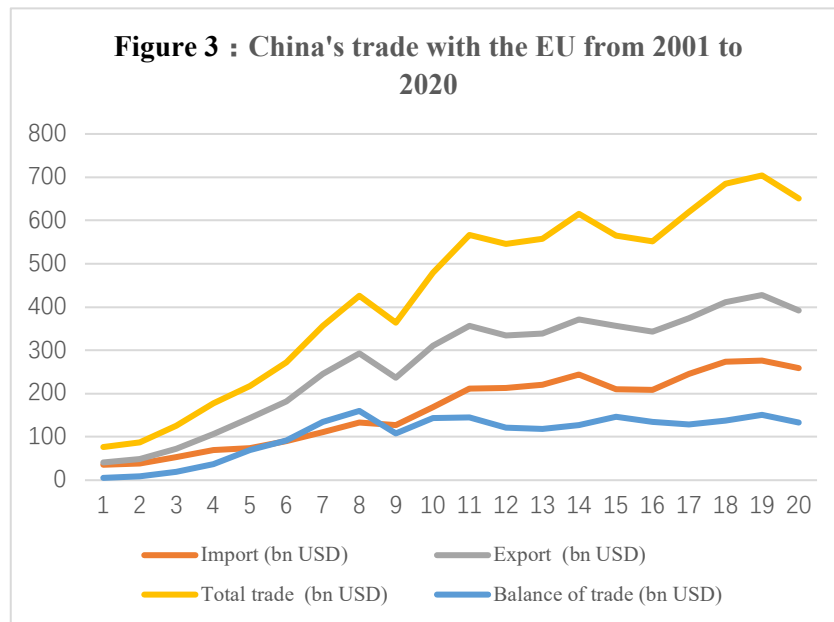
In the early 1970s, China's cooperation with Western Europe made good progress. At that time, China expressed support for the Western European union, so China signed the treaty of diplomatic relations with the EEC in 1975. Since then, t China and Europe began to conduct multi-party contacts and negotiations in economic and trade cooperation to form a good state of exchange. The EU has strong economic strength, also it is really technologically advanced. With China's rapid economic development and huge market potential, stable economic cooperation between the two countries has become increasingly close.

The economies are huge both in China and the EU. Meanwhile, China and the EU are important trading partners. Before the global financial crisis and the European sovereign debt crisis, Bilateral economic and trade cooperation developed rapidly, which presents a good trend for the economic growth of both sides. Before the economic crisis, that is to say, from 2001 to 2008, the proportion of China's total imports and exports to the EU continued to grow. This has led to a growing trade surplus with the EU, which accounts for 11.2% of China's total exports. After the financial crisis hit, economic growth in EU member states has been virtually stagnant since 2009. The economic downturn of EU countries is mainly affected by the double blow from

two aspects, including its European debt crisis and the international financial crisis. This significant economic setback also led to a sharp 14.7% drop in China-EU trade. European foreign trade has not grown very fast since 2014. During this period, bilateral trade between the EU and China remained surprisingly close and positive. This resulted in a 9.9 percent year-on-year increase in bilateral trade, well above the 2.1 percent growth in 2013. However, compared with the rapid growth before 2008, EU-China trade has shown a slow growth trend after the crisis.

Table 1: China's trade with the EU from 2001 to 2020

Years	Import (bn USD)	Export (bn USD)	Total trade (bn USD)	Balance of trade (bn USD)
2001	35.64	40.96	76.6	5.32
2002	38.55	48.18	86.73	9.63
2003	53.11	72.08	125.19	18.97
2004	70.1	107.17	177.27	37.07
2005	73.63	143.75	217.38	70.12
2006	90.35	181.93	272.28	91.58
2007	111.04	245.23	356.27	134.19
2008	132.89	292.96	425.85	160.07
2009	127.9	236.35	364.25	108.45
2010	168.48	311.34	479.82	142.86
2011	211.23	356.09	567.32	144.86
2012	212.53	334.11	546.64	121.58
2013	220.07	338.28	558.35	118.21
2014	244.41	370.99	615.4	126.58
2015	209.39	356.37	565.76	146.98
2016	208.37	343.25	551.62	134.88
2017	245.22	374.44	619.66	129.22
2018	273.56	411.53	685.09	137.97
2019	276.37	427.8	704.17	151.43
2020	259.11	392.43	651.54	133.32



From the Table and Figure above, Chinese trade history and Europe can be roughly presented. Trade in China-Europe has increased significantly since the 1990s. Since 2003, the membership of the European Union has gradually expanded. At the same time, China, in particular, has finally succeeded in joining the World Trade Organization. Since then, trade between the two economies has accelerated. In 2008, economic and trade growth between the two sides gradually slowed down. The reason, as previously analyzed, is that the world has been hit by a deadly economic crisis. In 2020, China-EU's total amount of imports and exports will reach 651.54 billion US dollars, and the import and export trade volume with Europe will reach \$259.11 billion dollars and \$392.43 billion dollars.

In 2020, the global economy fell into a deep recession due to the COVID-19 pandemic. Except for China, all major economies in the world have experienced negative GDP growth, and world trade has also declined sharply. Not only in the current global economic downturn but also at a time of uncertain international atmosphere, bilateral economic cooperation has once again shown a positive trend. The strong economic and trade growth results between the two sides are particularly prominent in the global

economic and trade development in 2020.

3.2.2 The proportion of China-EU trade in China's trade

**Table 2: The proportion of China's exports to the EU from 2010 to 2020
(billion USD)**

Years	China's exports to the EU	China's total export	Percentage
2010	311.34	1577.76	19.73%
2011	356.09	1898.39	18.76%
2012	334.11	2048.78	16.31%
2013	338.28	2209.01	15.31%
2014	370.99	2342.29	15.84%
2015	356.37	2273.47	15.68%
2016	343.25	2096.64	16.37%
2017	374.44	2263.37	16.54%
2018	411.53	2494.23	16.50%
2019	427.8	2498.57	17.12%
2020	392.43	2590.60	15.15%

Data Source: National Bureau of Statistics of the People's Republic of China

As can be seen from Table 2, China's exports to the EU have experienced a slight decline during the last few years. This is related to China's expanding export market, slowing global economic growth, as well as frequent trade frictions among Chinese enterprises in Europe. From the analysis of the change in the overall export volume, the export volume of China's goods to Europe has shown an overall growth trend. From \$374.4 billion in 2017, it has steadily continued to rise, reaching \$427.7 billion in 2019. However, there were some years during which the growth rate slowed down or even showed negative growth, such as 2012, 2015, 2016, and 2020. These situations coincided with the impact of economic events related to the EU, such as the refugee crisis after the outbreak of the "Arab Spring" in 2010, which had a serious impact on

the social economy of the EU, the continuous strikes in relevant regions caused by the development of the European debt crisis, and the multiple terrorist attacks after 2015, which caused harm to the social and economic stability of the EU. There are also the shocks caused by the 2016 Brexit referendum on the stability of the EU political system, as well as the global pandemic in 2020.

Judging by the growth of China's exports of global goods and those of European goods, the growth and decline trends in both years were basically the same, except in 2012. In other words, exports to Europe mainly follow the trend of the global economic environment. During the year of 2012, the volatility of China's foreign trade to Europe was large. This is due to the economic crisis, refugee continued spread as well as the active trade protectionism in Europe. Judging from the steady export volume, the growth rate of China's export volume to the world from 2011 to 2014 is relatively stable, maintaining at about 7%. But growth has been significantly more volatile in China-EU exports of goods. In 2015 and 2016, the China-EU exports of goods growth was different from that of goods to the world. Overall, the growth of Chinese goods, both to the world and to the EU, tends to slow down. The slowdown was particularly marked in 2012. Let us look at the proportion of goods exported to the EU in total exports, the five years before 2011 was about 19%, that is, more than 19% of China's export trade of goods is concentrated in the EU market. In 2012 and the following five years, it declined, remaining at around 16 percent.

Table 3: The proportion of EU's exports to China from 2010 to 2020 (bn USD)

Years	EU's exports to China	EU's total export	Percentage
2010	168.48	1805.98	9.33%
2011	211.23	2177.82	9.70%
2012	212.53	2179.09	9.75%
2013	220.06	2311.66	9.52%
2014	244.41	2260.96	10.81%
2015	209.39	1983.79	10.56%
2016	208.37	1930.05	10.80%

2017	245.22	2120.74	11.56%
2018	273.56	2308.89	11.85%
2019	276.44	2279.50	12.13%
2020	259.11	2193.09	11.81%

Data Source: The World Bank

From the perspective of the changing trend of total exports, the change in EU goods exports to China basically maintains a continuous upward trend. From \$168.4 billion in 2010, it has steadily continued to rise, reaching \$276.4 billion in 2019. During this period, there were still several years of slower growth or even negative growth, such as in 2012, 2015, 2016, and 2020. It fell sharply in 2015 until it reached 245.2 billion in 2017. The reason is still affected by the internal factors of the EU, since then the EU's exports to China have been in a steady upward trend. Comparing the growth of EU exports of goods to the world and exports of goods to China, it is found that the downward trend in the two years is basically the same, except for 2014 and 2019.

3.3 The development and characteristics of Sino-US trade

Foreign trade is crucial to a country's economic activity, especially in the modern era with the rapid development of economic and supply chain globalization. Both China and the United States hold key positions on the world trade stage. At the same time, the bilateral trade between China and the United States is also one of the most eye-catching bilateral trade. In order to deeply study the similarities and differences between Sino-US trade and Sino-European trade, it is necessary to fully understand the foreign trade situation of China and the United States and the status quo of Sino-US bilateral trade.

Since 1978, China began to reform and open up. With China's accession to the World Trade Organization in 2001, China has been actively engaged in foreign trade. In particular, it attaches great importance to cooperation with the United States. China's leapfrog development has produced remarkable results. The total import and export

volume of goods increased from US \$20.64 billion in 1978 to \$4159 billion dollars in 2013, which is 201.5 times the total import and export volume in 1978. According to the data, China's trade volume of goods exceeded 100 million US dollars in 1988, reaching 102.79 billion US dollars. In 2001, China's total import and export volume was \$509.65 billion dollars, of which the export value was \$266.10 billion dollars, and the import value was \$243.6 billion dollars, becoming the sixth largest trading country in goods around the world.

In 2013, China became the world's largest trading nation in goods. China's total import and export of goods accounted for 11.3% of the world's total trade in goods, reaching \$4,158.99 billion dollars, an increase of 7.5% year-on-year and 8.16 times that of 2001. The value of imports was \$1950 billion dollars, up by 7.2% year-on-year. Exports reached \$2209 billion dollars, up 7.8% year on year. The trade surplus was \$259 billion dollars, exceeding the total import and export volume in 1994. In 2021, China's total imports and exports of goods increased by 29.9% year-on-year. Among them, the value of imports was \$2,687.14 billion dollars, up by 30.1% year-on-year. Exports reached \$3363 billion dollars, up 29.8% year on year. The trade surplus was \$675.9 billion dollars, up 29.0% year-on-year. Amid the COVID-19 pandemic and trade competition, China's foreign trade in goods has gradually risen back.

Table 4: Statistics of China's trade in goods (billion USD)

Year	Total volume of trade	YoY+%	Export	YoY+%	Import	YoY+%	Balance of trade	YoY+%
1990	115.4	3.4	62.1	18.2	53.4	-9.8	8.7	-232.4
1991	135.6	17.5	71.8	15.7	63.8	19.6	8.1	-7.9
1992	165.5	22.0	84.9	18.2	805.9	26.3	4.4	-46.0
1993	195.7	18.2	91.7	8	104.0	29.0	-12.2	-380.9
1994	236.6	20.9	121.0	31.9	115.6	11.2	5.4	-144.2
1995	280.9	18.7	148.8	22.9	132.1	14.2	16.7	209.3
1996	289.9	3.2	151.1	1.5	138.8	5.1	12.2	-26.8
1997	325.2	12.2	182.8	21	142.4	2.5	40.4	230.8

1998	324.1	-0.3	183.8	0.6	140.2	-1.5	43.6	7.8
1999	360.6	11.3	194.9	6	165.7	18.2	292.3	-32.9
2000	474.3	31.5	249.2	27.8	2250.9	35.8	24.1	-17.5
2001	509.7	7.5	266.1	6.8	243.6	8.2	22.6	-6.5
2002	620.8	21.8	325.6	22.4	295.2	21.2	30.4	34.9
2003	851.0	37.1	438.2	34.6	412.8	39.8	25.5	-16.3
2004	1154.6	35.7	593.3	35.4	5612.3	36.0	32.1	26.0
2005	1421.9	23.2	762.0	28.4	6599.5	17.6	102.0	217.9
2006	1760.4	23.8	969.0	27.2	7914.6	19.9	177.5	74.0
2007	2176.6	23.6	1220.5	26	9561.2	20.8	264.3	48.9
2008	2563.3	17.8	1430.7	17.2	1132.6	18.5	298.1	12.8
2009	2207.5	-13.9	1201.6	-16	10059.2	-11.2	195.7	-34.4
2010	2974.0	34.7	15777.5	31.3	1396.2	38.8	181.5	-7.2
2011	3641.9	22.5	1898.4	20.3	1743.5	24.9	154.9	-14.7
2012	3867.1	6.2	2048.7	7.9	1818.4	4.3	230.3	48.7
2013	4159.0	7.5	2209.0	7.8	1950.0	7.2	259.0	12.5
2014	4301.5	3.4	2342.3	6.0	1959.2	0.5	383.1	47.9
2015	3953.0	-8.1	2273.5	-2.9	1679.6	-14.3	593.9	55.0
2016	3685.6	-6.8	2097.6	-7.7	1587.9	-5.5	509.7	-14.2
2017	4107.2	11.4	2263.4	7.9	1843.8	16.1	419.6	-17.7
2018	4622.4	12.5	2486.7	9.9	2135.7	15.8	351.0	-16.4
2019	4577.9	-1.0	2499.5	0.5	2078.4	-2.7	421.1	20.0
2020	4655.9	1.7	2590.0	3.6	2066.0	-0.6	524.0	24.4
2021	6050.2	29.9	3363.0	29.8	2687.1	30.1	675.9	29.0

Data Source: Annual China Statistical Yearbook of the National Bureau of Statistics of China

The United States has always been a big trader in goods. According to the statistics of the US Department of Commerce, in 1990, the total import and export volume of the United States was \$888.7 billion dollars, accounting for 13.04% of the world trade in goods. In 2000, it increased to \$1999.9 billion dollars, accounting for 15.57% of the world trade in goods and reaching the highest level in history. Growth averaged 8.3 percent a year over that period. In 2001, imports and exports of the United States decreased to \$1,870.01 billion, a decrease of 6.4%. It continued to decrease slightly in 2002, and the total volume of U.S. imports and exports began to grow again in 2003.

Until 2014. Except for 2009, it has maintained positive growth. But it has fluctuated since 2015. In 2020, the import and export of goods in the United States will reach \$3,839.2 billion, down 8.8% from the previous year. Among them, exports were \$1431.6 billion dollars, down 6.2% year on year. Imports were \$2,407.6 billion, down 12.9% year on year. The trade deficit continued to widen to \$976 billion, up 14.4% year on year.

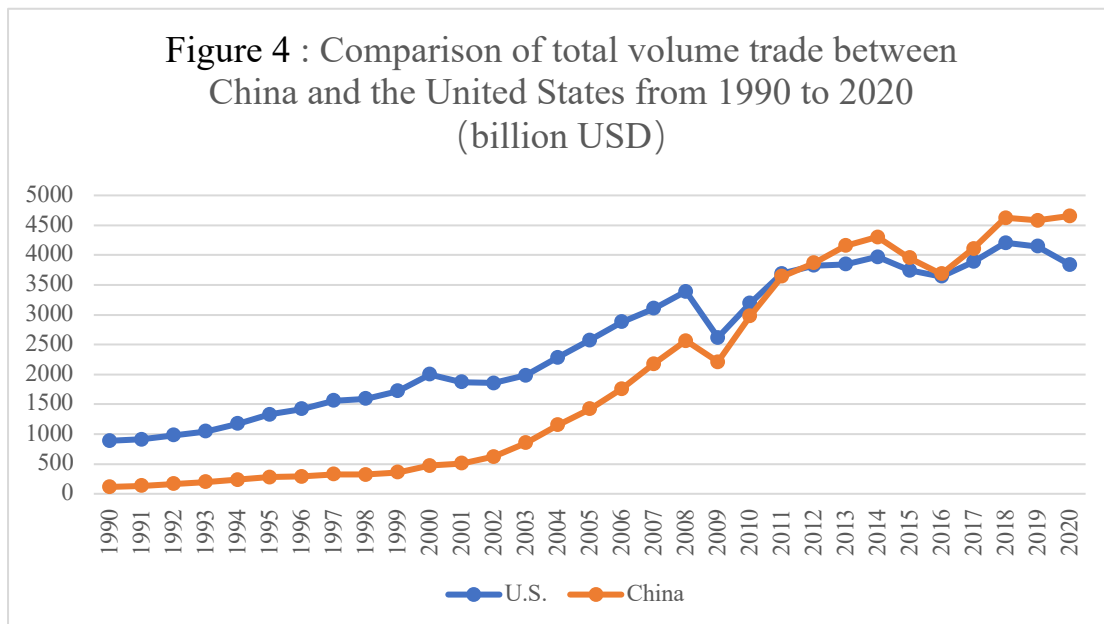
Table 5: Statistics of US's trade in goods (billion USD)

Year	Total volume of trade	YoY+%	Export	YoY+%	Import	YoY+%	Balance of trade	YoY+%
1990	888.7	6.2	393.8	8.2	494.8	4.6	-101.0	-7.7
1991	910.1	2.4	421.9	7.1	488.2	-1.3	-66.3	-34.4
1992	980.8	7.8	448.2	6.2	532.7	9.1	-84.5	27.5
1993	1045.8	6.6	465.1	3.8	580.7	9.0	-115.6	36.8
1994	1175.9	12.4	512.6	10.2	663.3	14.2	-150.6	30.3
1995	1328.3	13.0	584.7	14.1	743.5	12.1	-158.8	5.4
1996	1420.4	6.9	625.1	6.9	795.3	7.0	-170.2	7.2
1997	1558.9	9.8	689.2	10.3	869.7	9.4	-180.5	6.1
1998	1594.0	2.3	682.1	-1.0	911.9	4.9	-229.8	27.3
1999	1720.4	7.9	695.8	2	1024.6	12.4	-328.8	43.1
2000	1999.9	16.2	781.9	12.4	1218.0	18.9	-436.1	32.6
2001	1870.1	-6.4	729.1	-6.6	1141.0	-6.2	411.9	-5.6
2002	1854.5	-0.8	693.1	-4.9	1161.4	1.8	-468.3	13.7
2003	1981.9	6.9	724.8	4.6	1257.1	8.2	-532.4	13.7
2004	2284.6	15.3	814.9	12.4	14697.0	16.9	-654.8	23.0
2005	2574.5	12.7	901.1	10.6	16734.6	13.9	-772.4	18.0
2006	2879.9	11.9	1026.0	13.9	1853.9	10.8	-828.0	7.2
2007	3105.2	7.8	1148.2	11.9	1957.0	5.6	-808.8	-2.3
2008	3391.1	9.2	1287.4	12.1	2103.6	7.5	-816.2	0.9
2009	2615.7	-22.9	1056.0	-18.0	1559.6	-25.9	-503.6	-38.3
2010	3192.4	22.0	1278.5	21.1	1913.9	22.7	-635.4	26.2
2011	3690.5	15.6	1482.5	16.0	2208.0	15.4	-725.5	14.2
2012	3822.0	3.6	1545.7	13	2276.3	3.1	-730.6	0.7
2013	3847.9	0.7	1579.6	2.2	2268.3	-0.4	-688.7	-5.7

2014	3968.6	3.1	1623.4	2.8	2345.2	3.4	-721.7	4.8
2015	3746.3	-5.6	1504.6	-7.2	2241.7	-4.5	-737.1	1.4
2016	3642.9	-2.9	1453.7	-3.3	2189.2	-2.6	-735.5	-1.4
2017	3889.6	6.9	1546.7	6.6	2342.9	7.1	-796.2	8.1
2018	4206.8	8.2	1664.1	7.6	2542.7	8.4	-878.7	10.4
2019	4143.6	-1.5	1645.2	-1.2	2498.4	-1.7	-853.2	-2.5
2020	3839.2	-8.8	1431.6	-6.2	2407.6	-12.9	-976	14.4

Data Source: U.S. Census Bureau, U.S. Department of Commerce

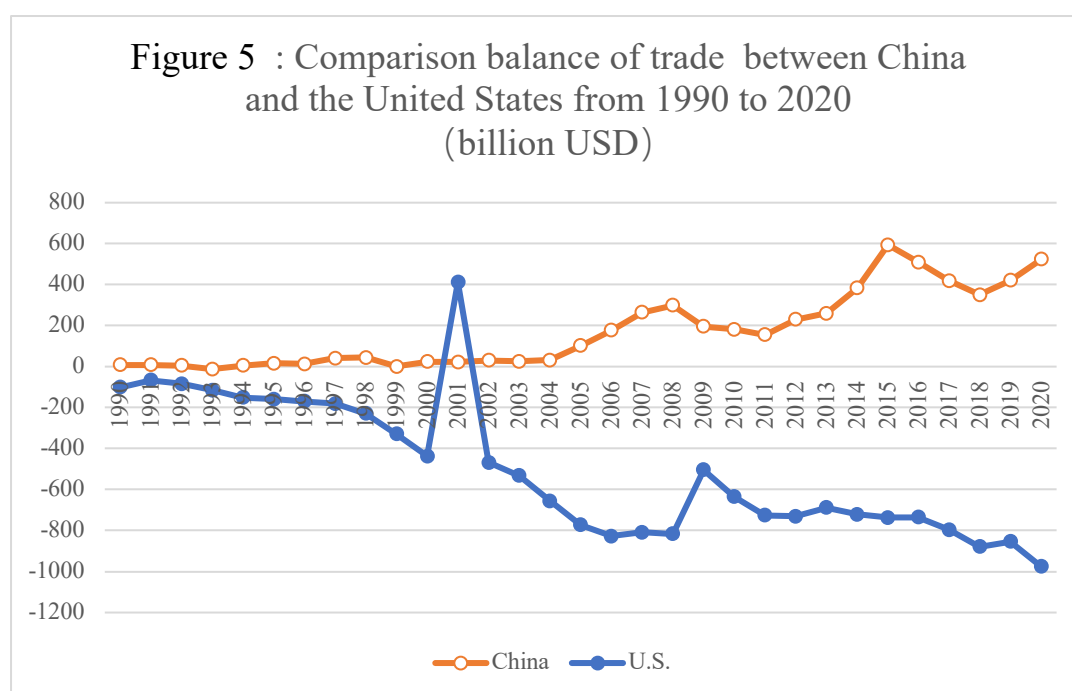
Based on the above data, the scale of foreign trade between China and the United States is compared.



Data Source: U.S. Census Bureau, U.S. Department of Commerce

As Figure 4 shows, the volume of US foreign trade fell slightly in 2001. After that, there was a steady rise, and it was not until 2004 that the foreign trade level exceeded that of 2001. In addition, the trend of changes in the scale of foreign trade between China and the United States is generally the same. The inflection point occurred in 2009, and the following year it approached or exceeded 2008 levels. Specifically, in 1990, China's total import and export of goods was US \$115.44 billion, while that of the US was US \$888.65 billion, about 7.7 times that of China. After China successfully joined the WTO, the volume of China's foreign trade in goods began to grow rapidly. Slowly,

the economic gap between China and the United States is narrowing. In 2001, China's total import and export volume reached US \$509.7 billion, while that of the US was 3.67 times that of China, reaching \$1871.0 billion dollars. In 2013, China's import and export volume reached US \$4,158.98 billion, surpassing \$3847.91 billion dollars of the United States, making China the largest trading country in goods. After that, trade declined, reaching a new turning point in 2016. As of 2020, China's import and export volume is \$4,655.9 billion, while that of the United States is \$3839.2 billion. In 2020, China's import and export volume was 1.21 times that of the United States.



Data Source: U.S. Census Bureau, U.S. Department of Commerce

We can know from Figure 5, except for 2001, China has a surplus in other years. By 2004, China's trade balance remained at a relatively stable level. In 2005, the surplus increased by 217.9% year on year, reaching US \$102.0 billion, and maintained strong growth. By 2008, the surplus had reached an all-time high of \$298.12 billion. After declining for the next five years, China's trade surplus rose to \$593.9 billion in 2015. The United States ran a trade deficit throughout the period under review. The US trade deficit shrank significantly in 2009, reaching 312.62 billion US dollars, a 38.3% decrease from the previous year. The deficit then gradually widened, reaching \$976

billion in 2020. That is 1.86 times China's trade surplus. The gap between China and the United States is widening. In absolute terms, the US trade balance is on average 2.9 times larger than China's. In 2003 and 2004, the trade balance of the United States was more than 20 times that of China.

Chapter 4 Trade Policy Comparison

4.1 Current situation of China-EU trade development

In world trade, the economic development and the trade cooperation of China-EU relations is an important part of the world. The EU is now China's largest trading partner. Bilateral trade between the EU and China has surpassed that between the US and China. In the current economic situation, China has also become the EU's second-largest trading partner. Since the signing of the China-EU Economic and Trade Cooperation Agreement in 1985, the bilateral economic and trade relations have been continuously deepened and the pace of cooperation has been continuously accelerated. This ushered in the further consolidation and development of bilateral trade relations between China and Europe. In 1994, the European Commission published a New Strategy for Asia and issued a series of policy documents, which led to the development of China-EU relations through three stages: "Long-term stable constructive partnership" (1995), "Comprehensive partnership" (1998) and "Comprehensive Strategic Partnership" (2003). The following table lists the EU's major China policy documents from 1995 to 2020. Judging from the historical process of establishing trade exchanges, the economic and trade cooperation in China-EU have made great improvements. From the perspective of the EU, China has become an indispensable trading partner of the EU. The ranking of importers has moved from second place in 2005 to first place in 2010. As an exporter, China also rose from fourth place in 2005 to second place in 2010, just behind the United States.

The year 2020 marks the 45th anniversary of China-EU diplomatic relations. Amid fierce competition in the international landscape, China-EU relations is one of the most important bilateral relations in the world. The two sides actively implemented the China-EU 2020 Strategic Agenda for Cooperation, steadily advanced negotiations on the China-EU Investment Agreement and other issues, and promoted win-win economic and trade cooperation.

Table 6: EU policy documents on China

Publication time	Document title	Keywords
1995	Long-term Policy on EU-China Relations	Develop long-term relations with China
1996	New EU Strategy towards China	Emphasizing the comprehensive and long-term nature of our China policy and further promoting bilateral exchanges and cooperation in the fields of economy, trade, science, and technology.
1998	Building a Comprehensive Partnership with China	Enhancing EU-China political dialogue, supporting China's accession to the WTO and China's transition to an open society
2001	EU Strategy towards China: Implementation of the 1998 Declaration and future measures to make EU policy more effective	Strengthening political dialogue, supporting China's economic and social reforms, and raising the EU's profile in China
2003	"Common Interests and Challenges in EU-China Relations - Towards a Mature Partnership"	Reaffirm the five objectives of the Dialogue Strategy and promote cooperation in global governance
2006	EU-China: Closer Partners, Expanded Responsibilities	Launch of negotiations on a Partnership and Cooperation Agreement (PCA)
2016	Elements of the EU's new strategy towards China	Equality, fair competition, and constructive management of differences

2019	Eu-china: Strategic perspectives	Strategic partnerships should be based on fairness, balance, and mutual benefit
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4.2 Trade protectionism has increased trade between China and the EU

Since the economic crisis, the EU's recovery in the economy and domestic demand are weak. Economic uncertainty is high and unemployment is high. To this end, EU countries adopt trade protectionism and barriers to trade facilities, in order to adjust industrial structure, reduce trade deficit, increase net exports, and restore stable economic growth. Recently, China's economic development momentum has been strong, and constantly adjusts and optimizes the industrial structure of international trade. As a result, the export structure of commodities has shifted from traditional low-end manufactured goods and raw materials to high-value-added goods, further increasing competition for EU member states. To ensure the competitiveness of their own goods and maintain their economic status, some southern European countries with relatively backward industries have taken measures such as raising tariffs and setting trade restrictions to maintain their trade competitiveness, which has also increased the chips for trade frictions.

As early as 1979, the European Union launched the first anti-dumping investigation against China on mechanical alarm clocks and saccharin sodium. This is the first anti-dumping investigation launched against China. By the end of 2020, the EU had initiated 177 trade remedy investigations against China. Among them, there were 148 anti-dumping investigations, 14 countervailing investigations, 5 safeguard measures, and 10 special safeguard measures.

The EU is the country and region that initiated the most anti-dumping investigations against China. There are top three commodity categories, include chemical raw

materials, and products industry 27 cases, accounting for 18.2%. The iron and steel industry accounted for 19 cases, accounting for 12.8%. And metal products 16 cases, accounting for 10.8%. For a long time, the EU has refused to recognize China's full market economy status. This has restricted the process of trade and investment liberalization between China and Europe, and these factors have restricted further development and cooperation.

4.3 Current situation of China-US trade development

In the Clinton era, the bilateral relationship between China and the United States was a constructive strategic partnership. However, after eight years of exchanges, the bilateral relations have been adjusted again. At the beginning of the Bush administration, he positioned US-China relations once again. He still advocated "constructive cooperative partnership" in the economy, but added political positioning, believing that China is a "strategic competitor" of the US.

During the Obama administration, he proposed the "Asia-Pacific rebalancing" strategy, which led to the destruction of mutual trust between China and the United States. It has caused damage to China on issues such as trade with China, human rights issues, Tibet issues, and arms sales to Taiwan. In this context, China actively responded to the challenge of the United States, put forward the initiative of building a new major-country relationship, as well as sought the sound and friendly development of the two sides. Subsequently, they established the Strategic and Economic Dialogue mechanism to conduct extensive exchanges on the strategic, overarching, and long-term development of bilateral relations. In the meantime, China and the United States have also conducted friendly exchanges on the issue of Korean nuclear and climate change.

Since Trump took office in 2017 and started a trade war, the bilateral relationship has been severely damaged. During Trump's state visit to China in November 2017, the two

countries conducted friendly exchanges. It seems that stability in Sino-American relations is possible. However, Trump has since reversed his China policy. On December 18, 2017, the United States released its National Security Strategy Report. China is defined in the report as a "revisionist state" and the most important strategic competitor of the United States. The means of strategic competition has been identified as one of the main means of confrontation. Against this backdrop, the US has launched an unprecedented trade war with China. This is not only economic confrontation, but also pressure in science and technology, military security, human rights exchanges, and other areas, causing tension.

Since the Biden administration took office, it has launched a new foreign strategy in the viewpoint of safeguarding the hegemony and interests of American government. The use of a tough "decoupling" policy, Indo-Pacific strategy, and other means to make the United States, a superpower, leapfrog in various fields. The Biden administration has continued Trump's "Indo-Pacific strategy" thinking, adding to the US-Japan, India-Australia "Quadilateral Security Dialogue" (Quad) a range of cooperation issues, including climate change issues, vaccine research and development, cutting-edge technology, and infrastructure. Policy frictions in these two economies have led to an ongoing crisis in trade relationships.

4.4 Current situation of trade development between the EU and the US

Nowadays, there is an intensification of industrial competition between China and Europe. So US-EU relations and the relations between China and Europe have experienced different kinds of hardship. From the external level, the EU has become anxious about the changing international landscape and has begun to rethink the EU integration process and the new path of industrial strategy development. At the internal level, the differences in the level of development among member States and the

demands of various interest groups, especially business interests, have prompted the EU decision-making level to accelerate the updating of the industrial strategy. The construction of "strategic autonomy" began to appear frequently in the policy documents of the EU decision-making level, and with the promulgation of relevant programmatic documents such as the construction of "data sovereignty" and "technology sovereignty", strengthening the construction of protection mechanisms, strengthening the integration and integration of the single market has become the core of European strategic autonomy.

The international competition strategy intensifies, and the uncertainty of the alliance relationship grows in EU-US relations. Both two sides have conflicts and competition in different fields such as global governance, trade, and security as well as sovereignty, ideology, and competition in emerging technologies. The EU's political elite is increasingly calling for a "strategically autonomous" policy architecture for the EU. The outbreak of COVID-19 in 2020 has further increased economic nationalism in the US. The United States unilaterally withdrew from the World Health Organization and banned flights to Europe, which further deepened the EU's doubts about the United States. To some extent, this reinforces the idea of EU integration. At the start of 2020, the EU's core leadership and leaders of core member states are more frequently referring to strategic autonomy in policy and public Settings. Concepts such as "economic sovereignty," "technological sovereignty," and "data sovereignty" are also frequently mentioned. The European Commission has issued a series of programmatic documents on an industrial strategy to strengthen Europe's technological competitiveness in various fields in order to get rid of dependence on foreign technologies and products. By building strategic value chains at a deep level, the EU is expected to take a leading position in changing geopolitics and great power competition. However, as one of the three largest economies, the attitude of the EU is also crucial for trade in China-US part.

Chapter 5 China's strategic thinking on the economic game

5.1 Promote pragmatic and diversified China-EU cooperation

Working with the EU is not the same as in previous big power exchanges. The European Union is a community of highly developed countries. For China, the essence is to study how to manage the relationship with an interconnected community organization. In 2023, China will maintain the good foundation of exchanges in the past and focus on bilateral practical cooperation. However, China will also promptly and forcefully stop EU member states from infringing on China's core interests.

On economic and trade issues, the China-EU Comprehensive Investment Agreement, which was negotiated by the two sides for eight years, has been put on hold in 2021. Bilateral contradictions are deepening. The bilateral relationship between China and the EU has been hampered by political cooperation. Therefore, the main achievements of the past two years are in the non-political field and at the subnational level. This is reflected in our cooperation on climate. At the same time, with the impact of the COVID-19 epidemic in 2021, bilateral relations have achieved great results in the fight against the epidemic. Therefore, although political cooperation in China-EU relations is difficult, the possibility of cooperation in other aspects is still very high.

In this context, China-EU relations in 2023 should focus on economic and trade cooperation. Political cooperation will not be easy due to the EU's political doubts as well as the ideological differences between China and Europe. Despite the COVID-19 pandemic plaguing both China and Europe, trade reached \$670.4 billion in 2021, according to official data. This is an increase of nearly a third compared with 2020. This shows that there is still much room for further development of bilateral economic and trade cooperation. In terms of China-EU relations, economic exchanges can also

be used as a basis to reduce political conflicts as far as possible, promote future peaceful and stable development between China and Europe, and explore more areas of cooperation.

Practical cooperation should also be reflected in other areas. Through high-level Dialogue on Environment and Climate, these two sides can seek common interests in global climate change. These include a joint push to deepen green finance, as well as previous commitments to reduce emissions under the Paris Agreement. As the two major actors in the world, China and the EU should make their own contributions to the global economic weakness brought about by the COVID-19 pandemic. In addition, at the end of 2021, the European Union launched the "Global Gateway" plan to invest 300 billion euros in infrastructure in developing countries. Although this is seen by many as a confrontation against China's Belt and Road Initiative, there are stark differences between the two. The EU is mainly focused on digital infrastructure, clean energy, and other fields, which can form a mutual relationship with China's Belt and Road.

To sum up, China-EU cooperation has been transformed from a "Comprehensive strategic partnership of cooperation" to a comprehensive area of cooperation, including economy and trade, environmental protection, epidemic assistance, infrastructure, and so on. Because of political friction, most of the fruits of China-EU cooperation may not show up in high-level dialogue. Rather, there is a link between sub-level cooperation projects. However, it is conceivable that China and the EU should be more pragmatic in their future cooperation and development. In the field of cooperation, China and the EU need to maintain a comprehensive and non-politicized state and gradually promote political exchanges through secondary cooperation.

5.2 Promote healthy competition and convergence of interests in China-US relation

China can try to take an "internal affairs orientation" to do the work of the United States and promote the sound development of the two countries. Finally, realize the purpose of healthy competition with each other. Since Trump took office in 2017, Sino-US relations have been strained, and the policy tilt has called for continuous strengthening of the strategy towards China. According to the 2021 U.S. Public Opinion Survey, more than half of U.S. respondents said China is a strong competitor of the United States, 34 percent said it is an enemy, and only 9 percent said China is a partner. In March of the same year, Gallup released the results of a poll, in which nearly half of the respondents said that China is the biggest enemy of the United States. This result is double what was seen in the 2020 poll, rising from 22% to 45%. At present, the American people believe that competition and conflict are the normal state of China-US relations.

In this context, the strategic competition in recent years also has its domestic factors. It is not only the unilateral pressure mentality of the US government, but now it has a deep influence base. After Biden came to power, the domestic focus is on "rebuilding the middle class" as a goal, and the current domestic economy is weak and many problems after the new coronavirus outbreak are also facing solutions. The Biden administration's response has been to bridge the divide between domestic and foreign policy in the United States: domestic is foreign, and foreign is domestic. The Biden administration took an "inside-out" approach, aligning domestic priorities with overseas goals. Starting from this policy, on the one hand, it can start with the formulation and design of the internal affairs of the United States, grasp the direction and focus of its foreign strategy, and on the other hand, it can find a breakthrough point for the future work exchanges in China-US economy cooperation. Therefore, from Biden's domestic agenda, we can actively seek as many common interests between China and the United States as possible. This can form healthy competition in various

exchanges, promote the relaxation of Sino-US relations, "cool down" in ideological conflicts, and promote Sino-US bilateral relations back to a constructive development path.

In the process of building a new development pattern, China should strive to promote the "re-integration" of interests between China and the United States. At present, the economic and trade exchanges between China and the United States have entered a new stage, and bilateral trade frictions have been escalating. But at the same time, we are faced with unprecedented opportunities, which require us to grasp the strategic opportunity period. As Chinese Foreign Minister Wang Yi said, China-US relations should not be a zero-sum game, and neither side's success needs to come at the cost of the other's failure. At present, China-US economic and trade relations are still basically characterized by mutually beneficial cooperation, and the two sides have every opportunity to find mutually beneficial and win-win ways. In 2020, trade in China-US goods increased by 8.3 percent to more than \$580 billion. Meanwhile, China-US trade volume reached 755.645 billion U.S. dollars last year, up 28.7 percent year on year. In January 2022, the import and export of goods in the United States was 395.4774 billion US dollars, an increase of 18.96%.

According to a survey, more than 70% of American companies that have invested and developed in China are unwilling to leave China. Daniel Rosen, chairman of Rhodium Group, said, among others, that the China-US economic "decoupling" will gradually weaken the competitiveness of the US over time. In this context, China needs to actively understand what the US business community really thinks about Sino-U.S. economic and trade relations, and then plan solutions. We are committed to building a new pattern of mutually beneficial cooperation and avoiding competition and decoupling by the United States. In the meanwhile, China needs to actively follow up on the relevant consultations on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to maintain its important position in the global industrial chain and supply chain. China's growing economic strength is also a source of confidence in

the face of the United States.

5.3 Flexible correction to escape Thucydides trap

China's relations with major countries in the world have entered a period of in-depth exchanges and cooperation. There is no doubt that the triangular relationship between China, the United States, and Europe has a pivotal position in it and will have an important impact on China and the world in the future. For China, it is important to actively explore and practice opening up at a higher level. The policy choices of each side are important variables in order to realize the positive interaction among the three sides of the Sino-US European triangle. In recent years, the international pattern has changed rapidly, and the conflicts of interest and the scope of cooperation between countries have gradually increased. The triangular trade relationship between China, the United States, and Europe is also constantly changing, and the international situation that China has to deal with is still grim.

China has always adhered to the path of peaceful development and actively pursued win-win cooperation among major countries in international exchanges. As for the main antagonist sides in the Sino-US European triangle, China needs to consider the long-term cooperation and development as a whole, and should not impulsively provoke conflict between the two countries. In the current complex situation, China needs to guide the establishment of a benign tripartite economic development relationship, strive to grasp the prospects of EU cooperation, and try to limit the possibility of the structural contradictions in Sino-US relations to the extreme through the EU. As a "regulator", the EU can alleviate the conflicts between China and the US and continuously improve its own strength. At the same time, promoting the "Belt and Road" initiative, and forming a positive and positive image of a major country, from the "community of shared future" and "partnership" to other countries, China's "Belt and Road" is not a "System threat theory" or "Debt trap theory". China needs to gently handle sharp contradictions, reduce the negative perception of China in some countries and regions,

and strengthen the recognition of China's policies. From the perspective of the strategic competition, China needs to reframe its relations with America, so as not to deepen the sense of institutional and ideological rivalry, and to avoid the "New Cold War" and "Thucydides trap" becoming "self-fulfilling prophecies."

Secondly, we should rely on the strength of the existing international system to achieve our country's rapid development in the future. China is an active participant in the international system and a practitioner of multilateralism, which is conducive to the constructive trade cooperation of the China-U.S. -EU triangular relationship. The win-win cooperation of the three economies will greatly help the stable development of the world.

Chapter 6 Conclusion and policy recommendations

6.1 Conclusion

Since the beginning of the 21st century, great changes have taken place in the international situation and strategic patterns. As a result, the triangular relationship among China, the United States, and Europe is constantly taking a new direction. Each economy is also introducing a series of policies for its own development. Entering the new century, there are more and more contradictions and confrontations between China and the United States. And then they are directly in a dangerous state of hostility after Trump. Despite the contradictions and competition, the consensus and cooperation in China-EU part far outweigh the points of disagreement. Under this premise, economic cooperation will continue to be the cornerstone of China-EU relations. Despite the impact of COVID-19, there is still broad room for the development of bilateral economic cooperation. In addition to economic and trade cooperation, China and the EU can further develop cooperation in the field of climate change through the high-

level dialogue on environment and Climate, and strengthen green finance. For China and the United States, they can take the initiative to find as many common interests as possible, form healthy competition between the two sides in various exchanges, and "cool down" in ideological conflicts, so that bilateral relations can return to a constructive development path.

China's relations with major economies have entered a period of in-depth exchanges and cooperation. There is no doubt that the triangular relationship between China, the United States, and Europe has a pivotal position. It will not only have an important impact on the future of China and the world but also an important vane of global political development prospects. As for our country, we should actively explore and practice a higher level of openness and strengthen economic and trade cooperation in the international arena.

6.2 Policy recommendations

Whether it is for China, the EU, or the United States, multilateral trade has had a positive impact on boosting economic growth, stimulating employment, and improving consumption levels. The effect on economic growth is generally positive. In order to further develop the contribution of trade to the economy of the three parties, the following suggestions are put forward.

For China, first, to expand domestic demand while developing foreign trade and enhance the driving role of consumption in economic growth. On one side, the proportion of China's foreign trade in GDP is too large, that is, the degree of dependence on foreign trade is too high. This means that the Chinese economy is overly dependent on the international market and is greatly affected by the world economic situation. On the other side, China has a very large population and huge consumption potential both internally and externally. Therefore, as one of the key economies in the world, China should make every effort to promote its own economic and trade development.

Nowadays, China's economic capacity is changing from a stage of high-speed development to a stage of high-quality development. Its future vision is also to gradually develop from a country with large trade to a country with strong trade.

The current situation requires China to implement markets diversification strategy. In this way, the trade imbalance can be avoided and the room for maneuver of China's foreign trade development can be restricted due to the concentration of export markets. Reducing trade friction is also a top priority. In the multi-party trade relations, China runs a trade surplus. In economic cooperation, we should explore new cooperation goals. Seize the opportunity of the Belt and Road and seek new economic and trade cooperation. In circumstances to ensure the stability of overall trade cooperation, China can increase cooperation with emerging countries, taking into account the differences in political and cultural systems and geographical location with China, which can reduce the cost of bilateral trade. The huge trade potential of the Silk Road is yet to be tapped.

Second, we should attach importance to the driving role of imports in economic growth as well as appropriately encourage imports. Imports are relatively small compared to the size of China's exports, and the same is true in Sino-US trade. Expanding imports can narrow the trade balance and ease tripartite trade relations. At the same time, we should pay attention to the import of domestic scarce resources and high-tech products, so as to give full play to the positive role of imported goods in China's economic development.

Third, promote diversified development of export markets. On the one hand, only within a reasonable trade balance can economic and trade relations develop healthily and stably. China can divert some of its trade surplus with the US to other countries or regions. And actively promote economic cooperation with the European Union. On the other hand, a diversification strategy is conducive to China's construction of a relatively stable foreign trade environment.

Fourth, adjust the industrial structure. In the international division of labor to achieve the high-end industry to replace the low-end industry, increase the added value of export commodities, in order to get more economic benefits. At present, China's labor dividend has gradually weakened, coupled with the emergence of labor comparative advantages in countries such as Vietnam, China's competitiveness in labor-intensive products has weakened. The optimization of industrial structure is conducive to the promotion of competitiveness.

Compared with the ups and downs in the relationship between China-US and China-EU are basically on track for positive and stable development. The fundamental reason is that on major bilateral and multilateral international issues, China-EU not only do not have fundamental and realistic conflicts of interests, but also have broad consensus and numerous common interests. Both China and the EU have become important forces for peace and stability in international affairs and positive forces for change and innovation in the world. This shows that China-EU economic, trade cooperation and comprehensive strategic partnership can reinforce each other. The sound interaction between the two sides will provide broad space for the development of China-EU relations.

The Sino-US trade frictions also need to find a new balance point. In any case, a trade war is bad for the economy. In the context of increasing factors of instability in the international situation, green development, technological innovation, environmental protection, and sustainable development require a peaceful and stable international environment. The three economies have the necessity and responsibility to strengthen cooperation and contribute to world peace, stability, and trade development.