Research on Trade Protectionism from the Perspective of a Community with a Shared Future for Mankind

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Abstract: With the continuous development of economic globalization and the deepening of regional economic integration, trade protectionism has reared its head again. New trade protectionism has begun to emerge in more diverse and rationalized forms under the banner of safeguarding fair trade order and national industrial security, and the scope of trade protection has also become more comprehensive. In particular, the trade war launched by the United States against China aims to suppress China's economic development and foreign trade growth through trade protection measures, ultimately aiming to curb China's rapid rise. However, adopting such unilateralism and trade protectionism not only imposes high costs on the countries that adopt such measures, but also has adverse effects on the development of the global economy.

1. Introduction

New trade protectionism emerged in the 1980s, with its core strategies focusing on adopting non-tariff measures such as technical barriers, anti-dumping measures, and strengthening intellectual property protection to curb the influx of foreign goods into the domestic market, thus defending domestic products. Although trade protectionism has undergone evolution, its essence remains unchanged: to maintain national economic interests by limiting the market competition participation of goods and services from other countries. To conform to the inevitable development trend of economic globalization, what is needed is a market economic order that aligns with the common values of all humanity. Therefore, under the guidance of a community with a shared future for mankind, seeking the common development of human society from the perspective of the common interests of all humanity responds to the call of the times and conforms to the requirements of the times.

2. The Impact of Trade Protectionism

The outbreak of economic crises often leads to economic recession, during which time the United States tends to adopt policies such as trade protectionism as a response. This involves establishing robust economic barriers to prevent foreign products from entering and selling in the domestic market, thereby protecting the sales of domestic products in their own country. Additionally, with the
continuous rise of developing countries, their economic strength and competitiveness are also increasing, leading to anxiety among the European Union (EU) about its declining position in the global economic landscape. Consequently, the EU also adopts trade protection measures, but unlike the unilateral protectionist approach taken by the United States, the EU tends to utilize methods that are not explicitly in violation of international law. They attempt to achieve the goal of trade protection through seemingly legitimate forms.

Regardless of the reasons, the deepening of economic globalization is an inevitable trend in the development of the world today. Adopting trade protectionism against this trend will only bring adverse effects. For some countries and regions, implementing trade protectionism can, in the short term, control trade deficits, maintain social employment, and promote national economic development to a certain extent. However, in the long run, this approach to trade protection is not only unbenevolent to the implementing country, but it can even hinder the development of the global economy. For example, in 2009, the United States imposed high tariffs on Chinese tires, but this action only created approximately 1,200 jobs in the US, which is undoubtedly an insignificant number for a country. However, the cost of this action outweighed the benefits it brought. Therefore, this kind of trade protection is only a futile attempt, unable to fundamentally solve issues such as national employment and reversing trade deficits. The disadvantages it brings far outweigh the advantages[1].

3. Combining the case of Huawei, discuss the specific drawbacks of trade protectionism.

Under the influence of the economic crisis, the US government has long adopted trade protection measures to promote its domestic economic growth and hinder the economic development of China. It has taken a series of stringent actions to suppress Chinese companies exporting to the US in order to boost the sales of domestic products. For instance, the US has imposed restrictions or bans on the sale of Huawei products in some regions and refused to supply Huawei with critical chips, making it difficult for Huawei to produce Huawei smartphones to meet market demand. In May 2021, the US Department of Commerce's Bureau of Industry and Security announced further restrictions on Huawei's use of US technology, software, and the design and manufacturing of semiconductor chips. These actions were taken by the US because it believes that Huawei threatens the interests of its high-tech companies[2]. The trade protection measures aim to create a better environment for domestic enterprises and encourage Americans to buy their own products.

However, according to customs data, in January and February 2023, China imported 67.6 billion chips, a decrease of approximately 18 billion compared to the same period in previous years. As the number of imported chips decreased, the amount of money spent also decreased[3]. With a 26% reduction in quantity, the amount spent decreased by 30%. This is because from 2023, chip companies in South Korea and the US, among others, began to reduce prices for their products. The decrease in spending indicates a corresponding reduction in revenue for these related companies. Therefore, trade protectionism can have adverse effects on the domestic economic development of the country implementing such measures.

3.1 The Impact of Trade Protectionism on the United States

First, the seemingly favourable domestic environment created by the United States only briefly provided limited job opportunities. However, once Chinese products led by Huawei are unable to enter the U.S. market, and the cost of producing similar products in the U.S. is extremely high, the increased spending will once again have a negative impact on American consumers, thus subjecting the American people to even more adverse effects[4]. As the prices of imported goods rise and cost-effective foreign products like Huawei's cannot enter the country, resources cannot be effectively allocated, thereby affecting the healthy development of the domestic economy.
Second, China is the world's largest importer of chip consumption and a major customer for U.S. chip companies such as Qualcomm and Intel. With the issuance of such bans by the U.S., the revenue of these companies has declined. No other country in the world, besides China, has such a significant demand for chips. In order to sell their chips, these companies have to reduce prices. Even foreign media has stated that this is the consequence of the supply cut to Huawei. Additionally, the protection provided by trade protectionism to the domestic market can reduce the incentive for innovation among domestic enterprises due to a lack of market competition, which is unfavourable for improving the quality of products and services[5]. All of these scenarios are detrimental to the healthy development of the domestic economy. Therefore, it is highly unwise for the U.S. to adopt trade protectionism, a strategy that hurts both itself and its rivals. Not only that, their hope of protecting the domestic economy by producing, selling, and purchasing domestically is also detrimental to the promotion of international specialization and the improvement of production efficiency. It will also hinder the free flow of goods, services, capital, technology, and other factors globally.

3.2 The Impact of Trade Protectionism on China

Small countries, due to their heavy reliance on foreign economies and relatively weak political and economic influence, find it difficult to achieve political goals through foreign trade policies. In contrast, large countries, with their abundant resources, huge domestic markets, and low reliance on foreign economies, are more likely and tend to transform economic issues into political topics to serve their political goals. In reality, some large countries even resort to extreme policy measures to achieve non-economic purposes[6]. For example, the United States has long restricted the export of high-tech products to China, even if it may lead to economic losses for domestic enterprises, aiming to hinder the development of China's high-tech industry.

There is also a certain asymmetry in the interdependence between China and the United States. Since China's economy relies more significantly on foreign trade, it is more sensitive to policy changes in the United States. This results in the United States often taking the initiative to pressure in the development of economic and trade relations between the two countries, while China is more often in a passive position of acceptance.

Firstly, the implementation of trade protectionism by the United States has made it increasingly difficult for Huawei's export trade to increase, resulting in a decrease in export volume, increased costs, and reduced profits, which limits Huawei's development in overseas markets. As mentioned earlier, China's demand for chips is enormous[7]. According to the Economic Weekly, China's demand for chips in the semiconductor industry accounts for 60% of the global demand, but its self-production only accounts for 13%. Due to the US suppression of Huawei, there has been a shortage of chips. Therefore, the independent production of chips has become an urgent task for China. We should vigorously strengthen independent innovation research, make up for technical shortcomings, and no longer rely excessively on technology imports and be subject to economic sanctions[8].

Secondly, in 2010, China became the second largest economic entity in the world and was increasingly close to the United States, which was the first largest economic entity. China plays an important role in the development of the world economy. However, the United States has always adhered to the attitude of "America First", even thinking that China has taken away their resources. They do not allow any other country to surpass them in the world, or they will use various severe means to suppress it. In the past, both the European Union and Japan have suffered from economic pressure from the United States, making it difficult for them to catch up with the United States. Now facing the rapid development of China, they naturally begin to adopt the same means to press hard on it. As a representative of China's excellent multinational companies, Huawei has become the main target of American trade protectionism. This trade protectionism brings great pressure to Huawei's
formation of an open external layout, and even destroys the original market economic order and layout. It makes it difficult for Huawei to develop in foreign trade. Moreover, developed countries such as the United States are emphasizing more technological trade barriers and labor standards in their foreign trade policies. These unfair high standards for developing countries are also important reasons why China's export products are frequently rejected.

With the enhancement of China's economic strength and the elevation of its international status, the asymmetric relationship between China and the United States is gradually diminishing. As two economically powerful and politically influential countries in the world, the interdependence between China and the United States has become an important driving force for the sustainable development of economic and trade relations between the two countries. Although conflicts and frictions often arise in the trade and technology fields due to differences in their respective national interests, it is this interdependence that often brings Sino-US relations back to a normal track. The complex and delicate balance between the two countries brings both challenges and opportunities, jointly promoting the continuous development of relations between the two countries.

4. Chinese Approach to Coping with Trade Protectionism from the Perspective of a Shared Future for All Mankind

4.1 Responding to trade protectionism through equality, and mutual respect

Compared to the United States suppressing China's rapid economic development through trade protection measures, as a major country, China shoulders great responsibilities. In response to a series of actions such as the imposition of tariffs by the United States, China has always responded in a rational, principled, and restrained manner. China has taken countermeasures against the increase in tariffs and actively engaged in negotiations and dialogues with the United States, hoping to achieve win-win cooperation between the two countries. China will always stand on the position of actively promoting globalization, resolutely oppose trade protectionism and unilateralism, firmly oppose economic bullying, and actively maintain the international economic order. All countries are equal and should respect each other rather than adopting a superior stance. Exchange based on mutual respect and equality among countries is a prerequisite for establishing a sound international order and economic market order[9].

Currently, Huawei's 5G communication technology is also leading the world, which is a significant breakthrough in Huawei's independent innovation capabilities and also indicates that China is making strides towards becoming an innovative country. As General Secretary said, "Core technologies cannot be begged, bought, or begged for." Therefore, vigorously strengthening technological innovation and striving to develop high-tech products are the most critical issues for Huawei and China. When we have sufficiently strong innovation capabilities, the US technological blockade on China will no longer pose a significant threat. Huawei can meet its own chip needs through self-sufficiency and no longer rely on US chips. At that time, we can stand on an equal footing and negotiate and consult with the United States based on mutual respect.

4.2 Responding to trade protection through common prosperity.

The community of a shared future for mankind aims to take into account the legitimate concerns of other countries while pursuing its own interests and promote the common development of all countries while seeking its own development. Therefore, the international social market led by the community of a shared future for mankind should respect the existence of diversity rather than blindly implementing unilateralism and trade protectionism, putting one's own national interests above the interests of other countries, completely ignoring the interests of other countries, and disregarding
international responsibilities. In the process of promoting global trade, China fully respects the
development methods of all countries, advocates mutual learning and inclusiveness in economic and
cultural aspects, enabling the international community to develop inclusively and jointly pool their
strengths to form a community of common prosperity[10].

At the same time, for countries that implement trade protectionism, they should also realize that
the benefits brought by trade protectionism and unilateralism are only temporary. In the long run,
their impact is unfavourable, goes against the wave of globalization, does not conform to the laws of
natural development, and is bound to fade away. Therefore, all countries should conform to the trend
of common development and prosperity, share weal and woe, and work hard to build our planet,
where we were born and grew up, into a harmonious big family. We should promote the construction
of a world of lasting peace, universal security, common prosperity, openness and inclusiveness,
cleanliness, and beauty, and turn the aspirations of people from all countries for a better life into
reality. Although this beautiful vision is still far away, facing the difficulties brought to our country
by this trade protectionism, we will never give up. China will always confront and overcome trade
protectionism with a lofty posture of a great country and strive to build an inclusive and mutually
learning international environment.

5. Conclusions

Trade protectionism is a negative and passive policy, an unreasonable act taken by a country to
safeguard its own interests regardless of the interests of other countries. Seen in the long history of
development, countries implementing trade protectionism will also pay high costs. In the international
trade order, trade liberalization and trade protection have always coexisted. Given the inherent
differences in interests between governments, the choice of free trade policy or trade protection policy
often depends on the consideration of interests within the country. As the largest developing country
in the world, we must face the fact that developed countries and organizations such as the European
Union already have mature market economic systems and complete trade laws and policies. While
pursuing trade liberalization, these countries and organizations can also flexibly adopt trade
protection measures to meet the needs of national interests and different interest groups within the
country. Considering that the imbalance of world economic development will continue to exist, trade
protection measures will be restricted for a long time in the future, regardless of how trade
liberalization is promoted, but it will be difficult to eliminate it fundamentally. New trade
protectionism will inevitably emerge in different forms of protection measures, posing more severe
challenges to international trade liberalization. Therefore, we need to remain vigilant, actively
respond, and promote the healthy development of international trade. Therefore, China has always
adhered to the attitude of equality, mutual respect, inclusiveness, and mutual learning led by the
community of a shared future for mankind to maintain international order, oppose unilateralism, and
economic bullying.

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