

## AMERICA CHINA TRADE DISPUTE: A CRUCIAL GROUND FOR COMPREHENDING THE SUBJECT MATTER AND TOOLS OF CONFLICT MANAGEMENT

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### ABSTRACT

Within a few years time, an increasing trade dispute between America and China has been fledged excessively. Since its accession to the WTO, China has become the United State's third-largest trading partner and the sixth-largest market for U.S. exports. The relationship between China and the U.S. may be the world's most complicated. While the two economies desperately need each other — China relies on exports to the U.S. to drive growth while the U.S. requires investments from China to finance its trade deficits. Until now, a widening trade dispute threatens to ratchet up tension in the China-U.S. relationship, with potential consequences for the entire world economy. The purpose of this study is to find out the reasons behind the wrangle with the aid of conflict analysis tools and lighten the way to settle the dispute.

*Key words:* Conflict, conflict mapping, dispute, trade deficit, bilateral trade, intellectual property rights

### INTRODUCTION

For over a decade, U.S. has accused China of manipulating its currency to unfairly promote exports, while China has openly called for the replacement of the U.S. dollar as the world's premier currency. But with so much at stake, the two nations have tried to keep their rapport cordial. Between 2000 and 2005, Chinese import to the U.S rose from \$100 billion to \$300 billion, while U.S exports to China climbed from \$16 billion to \$42 billion.

As China continues its rise as a great power, the United States Congress and the administration wrestle with one another over the proper tactics and strategies to shape America-China economic relations. China has emerged as both mammoth producer and consumer, and that means more countries, including key U.S allies, depend on China for their flourish infrastructure. The China-America relation explores how one nation's expanding influence affect other's influence and flexibility. This whole analysis is based on the U.S-China trade disputes with the help of conflict analysis tools.

This article briefly covers the trade deficit issue that cause problems between two countries. Initial part of this paper covers the objective that lies behind it, the methodology, basic problem statement, necessary literature review and so on. In the middle part, we focused an overview of U.S. and Chinese trade policy, the core conflict reason and statements with the aid of conflict analysis tools. Finally, In the later part, we put vital findings and recommendations including necessary graphs which used to analyze vital issues related with the study.

#### **Objectives:**

The endeavour of this exercise is to endow us with valuable practical knowledge about Current America China Trade Conditions and its various aspects. The objective of the study is to determine the Conflict that arises in the recent times between these two countries. While making this article we have some broad objectives like understanding what Trade Dispute is and how it affects countries like America and China?

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Conflict Management is a major study for the HR Students. Top private and public Universities are now adopting this subject for the major courses; but we have noted that very few books and articles are available to cover the depth of the subject matters. From that point of view, we have decided to write such an article which will be a crucial ground for those students who have taken their major on Human Resources Management. We have tried to relate theoretical understanding with practical occurrence in several aspects of these Countries. For proper judgement of the whole scenario we thought to exhibit the Trade policy of both the Countries. From Organizational to personal level, It is essential to understand what is conflict, how it occurs, when it occurs, What are the causes that runs it and how this can be solve? In this study we objected all the inherent questions that comes on mind and tried to put some recommendations on the basis of overall analysis.

## METHODOLOGY

Very little work has been done on the Conflict Management Issues. The Information source is truly based on Secondary data. To prepare this paper, we have collected detailed initial data from Library of the department of Peace and Conflict, University of Dhaka. We also review various journals and newspapers to know the current as well as preceding trade deficits between America and China both. The tools that have discussed in this Article are shows application based analysis Second after the book of Rahim. M Afzalur, (2001) "Managing Conflict in Organizations". Several data's are gathered from the journals, magazines, TV Channels, websites like Financial Times, The Economist, Newsweek, Business week, Forbes, BBC, CNN, Reuters, China Business forum, The Daily Star contributed value adding information to cover the subject matter of the study.

### **Scope of the Study:**

While preparing this publication we reviewed a lot about the America China Trade policy and their export import activities. America believes in an Open free economy. But China is trying to capture the foreign overseas market with its cheaper product. For this they violate some laws. The scope of this paper Covers:

- i) China Trade Dispute
- ii) Trade policy Overview
- iii) Major Causes of Conflict
- iv) Conflict Analysis with the help of the tools.

But special emphasis is given on the Conflict Analysis between these two Counties.

### **Statement of the Problem:**

The major Problem statement that lies behind this paper is based on Problems concerning between America and China. America believes in an Open Free Economy. For that, this country allows China to enter their market. China took that advantage and captured the American Market with its cheap product. But the Problem was China did not follow the WTO rules and regulation and its IPR Regime. For that reason America faces a huge trade deficit with China in terms of trade which ultimately introduce stream conflict between these two countries.

### **Review of related Literature:**

**Conflict:** is actual or perceived opposition of needs, values and interests. A conflict can be internal (within oneself) to individuals. Conflict as a concept can help explain many aspects of social life such as social disagreement, conflicts of interests, and fights between individuals, groups, or organizations. In political terms, "conflict" can refer to wars, revolutions or other struggles, which may involve the use of force as in the term armed conflict. Conflict as taught for graduate and professional work in conflict resolution (which can be win-win, where both parties get what they want, win-lose where one party gets what they want, or lose-lose where both parties don't get what they want) commonly has the definition: "when two or more parties, with perceived incompatible goals, seek to undermine each other's goal-seeking capability".

"Conflict is the perception of differences of interests among people" (Thompson, 1998. p.4). Another definition of conflict would be a process of social interaction involving a struggle over claims to resources, power and status, beliefs and other preferences and desires. The aims of the

parties in conflict may extend from simply attempting to gain acceptance of preferences, or securing a resource advantage, to the extremes of injuring or eliminating opponents. (Bisno, 1988. pp. 13-14; see also Coser, 1968. p. 232).

#### **Tools for analyzing conflict situations:**

Some of the tools and techniques suggested for conflict analysis may already be familiar to us from other sources. In the following pages we shall explain some of these tools for conflict analysis and illustrate how they have been used in specific cases.

#### **Conflict Mapping:**

Mapping is a technique used to represent a conflict graphically, placing the parties in relation both to the problem and to each other.

#### **How to map a conflict situation:**

1. Choose a particular moment in a specific situation. It is often useful to do several maps of the same situation from a variety of viewpoints and see how the different parties might perceive it.
2. Putting yourself on the map is a reminder that you are part of the situation.
3. Mapping is dynamic – it reflects a particular point in a changing situation and points toward actions. This kind of analysis should offer new possibilities. What can be done? Who can best do it? What groundwork needs to be laid beforehand, what structure built afterwards?
4. In addition to the objective aspects, it is useful to map the issues between parties that are in conflict

#### **The Onion:**

The Onion is a way of analyzing what different parties to a conflict are saying.

#### **Purpose:**

To move beyond the public position of each party and understand each party's interests and needs.

To find the common ground between groups that can become the basis for further discussion.

This type of analysis is useful for parties who are involved in negotiation, to clarify for themselves their own needs, interests and positions. Then as they plan their strategies for the negotiation, they can decide how much of the interior layers – interests and needs – they want to reveal to the other parties involved.

#### **The Conflict Tree:**

The conflict tree offers a method for a team, organization, group and community to identify the issues that each of them sees as important and then sort these into three categories: (1) core problems, (2) causes (3) effects.

How to use these tools

1. Draw a picture of a tree, including its roots, trunk and branches on a sheet.
2. Give each person similar paper, on which to write a word or draw a picture indicating a key issue in the conflict as they see it.
3. Invite people to attach their card to the tree:
  - On the trunk – core problems
  - On the roots – causes
  - On the branches – effects
4. After all the cards have been placed on the tree; the group can come to an agreement about the core problems.
5. Next step is to ask people to visualize their own organization as a living organism and place this to the issues it is currently addressing.
6. If an agreement has been reached, people may want to decide which issues they wish to address first in dealing with the conflict. (Source: Working with conflict, chapter 2, Tools for conflict analysis)

#### **Balance of Trade, Trade Surplus and Trade Deficit:**

The balance of trade (or net exports, sometimes symbolized as NX) is the difference between the monetary value of exports and imports in an economy over a certain period of time. A positive balance of trade is known as a trade surplus and consists of exporting more than is imported; a negative balance of trade is known as a trade deficit or,

informally, a trade gap. The balance of trade is sometimes divided into a goods and a services balance; especially in the United Kingdom the terms visible and invisible balance are used

**Bilateral trade:** Bilateral trade or clearing trade is trade exclusively between two states, particularly, barter trade based on bilateral deals between governments, and without using hard currency for payment. Bilateral trade agreements often aim to keep trade deficits at minimum by keeping a clearing account where deficit would accumulate. ([http://en.wikipedia.org/wiki/Bilateral trade](http://en.wikipedia.org/wiki/Bilateral_trade)).

**USTR:** The Office of the United States Trade Representative, or USTR, is the United States government agency responsible for developing and recommending United States trade policy to the President of the United States, conducting trade negotiations at bilateral and multilateral levels, and coordinating trade policy within the government through the interagency Trade Policy Staff Committee (TPSC) and Trade Policy Review Group (TPRG). (<http://en.wikipedia.org/wiki/USTR>).

**TRIPS:** The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) is an international agreement administered by the World Trade Organization (WTO) that sets down minimum standards for many forms of intellectual property (IP) regulation as applied to nationals of other WTO Members. It was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994. (<http://en.wikipedia.org/wiki/TRIPS>).

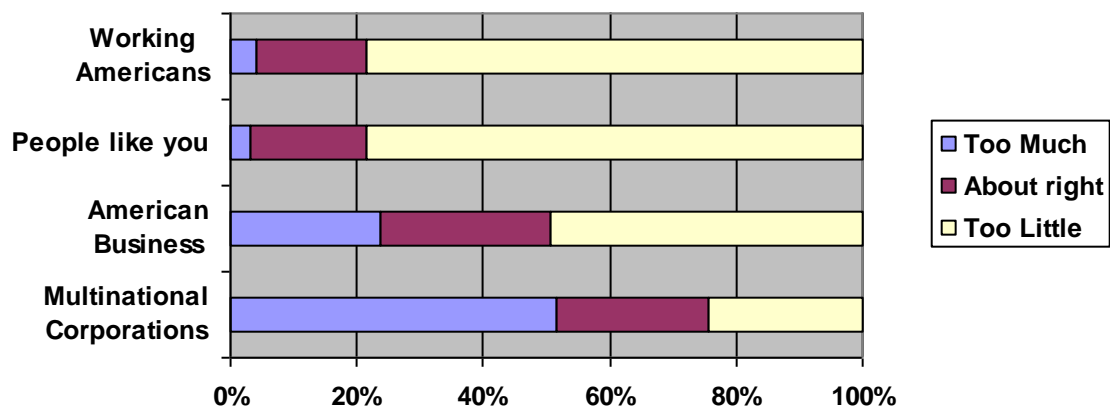
Specifically, TRIPS contains requirements that nations' laws must meet for: copyright rights, including the rights of performers, producers of sound recordings and broadcasting organizations; geographical indications, including appellations of origin; industrial designs; integrated circuit layout-designs; patents; monopolies for the developers of new plant varieties; trademarks; trade dress; and undisclosed or confidential information. TRIPS also specifies enforcement procedures, remedies, and dispute resolution procedures. Protection and enforcement of all intellectual property rights shall meet the objectives to contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

**Overview of US trade policy:**

US policy ultimately supports the goal of increasing trade. U.S trade policymakers place on commercial interests and overwhelmingly favor incorporating other priorities-protecting American workers, protecting the environment, preserving international labor standards-into the process of furthering trade. (Destler, I.M.1995) America will have access to all of the developing markets because in the long run these nations will increase their buying power, and expanding exports to them will be the key to their growth.

**U.S. Trade Policymakers**

**Level of Consideration**



Source: [http://www.americans-world.org/digest/global\\_issues/intertrade/tradepolicy.cfm](http://www.americans-world.org/digest/global_issues/intertrade/tradepolicy.cfm)

Figure shows that that the Multinational Corporations are put at the top priority by the American policy makers whereas the American business and working American people are considered with low priority while making the policy.

**Overview of the Chinese trade policy:**

China has made major changes in its trade policies and measures since its reform process began in the late 1970s, and particularly in connection with its accession to and subsequent membership of the WTO. Its trade regime has been increasingly liberalized and structural reforms are ongoing to introduce greater competition in the economy. In addition, direct intervention by the Government in the economy has declined. Nevertheless, indirect measures continue to be used to meet industrial policy goals. These include border measures, such as tariffs and other border tax measures that affect both imports and exports as internal measures. China has progressively lowered its MFN tariff and reduced non-tariff barriers to trade. In connection with its membership of the WTO, China has also reduced other barriers to imports, notably import prohibitions and restrictions, and the import licensing regime has been simplified. China also maintains state trading for imports and exports, including for some agricultural products, coal, some metal ores, and crude and processed petroleum. (Morrison, RL33534). Exports of other goods are encouraged, notably through concessions for processing trade and special economic and other zones. China has also updated its legislation and implementation procedures in other areas, including for sanitary and technical barriers to trade and contingency measures, such as anti-dumping, countervailing, and safeguards. China's non-public (or private) sector plays an increasingly important role in the economy and is an important source of employment, especially in manufacturing and mining and to a lesser extent in services, depending where it is concentrated. Adoption of China's pending new Anti-monopoly Law will fill a significant existing gap in the legislative framework for the establishment of a market economy. Competition in the economy is at present enforced through a number of related laws, and appears not to be very effective. Sound implementation of the new law in a transparent and non-discriminatory manner will be vital to its effectiveness.

**America China Trade Condition:**

Economic and trade reforms begun in 1979 have helped transform China into one of the world's fastest growing economies. Bilateral trade relations have grown increasingly strained in recent years over a number of issues, including a large and growing U.S. trade deficit with China (which hit \$25,928.1 million USD in October 2007-See figure 1).Wal-Mart Stores, Inc. (branded as Walmart) an American public corporation faced a huge trade deficit which acts as a prime reason for eliminating 200,000 U.S. jobs in 2001-06(See figure-2). According to BEA Press release the amount of deficit rises more than 25 billion USD during January 2008 to July 2009(See figure-3). China refused to adopt a floating currency, and failure to fully implement many of its WTO obligations, especially in regards to IPR protection. Several Members have called on the Administration to take a tougher stance against China to induce it to eliminate economic policies deemed harmful to U.S. economic interests and/or are inconsistent with WTO rules. In addition, there has been growing concerns in the United States over the health and safety of certain food products (such as seafood and pet food) and consumer products (such as toys and tires) imported from China that have been found to be unsafe or defective, and some Members have called for measures to pressure China to ensure its exports are safe as ill as to strengthen U.S. federal agencies in Charge of enforcing health and safety standards. In recent times China's growing share in the US market goes to 83%.As a result several local companies are forced to downsize their operations as well as their workforce(See figure-4) .According to U.S. census bureau Chinese imports to U.S. rises 300 billion where U.S. imports to China declined to 50 billion(See figure-5).China has been one of the fastest growing U.S. export markets and the importance of this market is expected to grow even further as living standards continue to improve and a sizable Chinese middle class emerges. (McCulloch. Rachel, June, 2005)

**Core conflict reason:**

**“US Trade deficit with China”**

In theory, U.S could run a trade deficit with China and compensate by running surpluses with other countries. But, in reality, the U.S ran a \$256 billion deficit with the world in 2007, equivalent to 7 percent of its economy and a quarter of that was with China alone. No major economy has run a deficit of this magnitude for so long without a currency crisis. And that deficit will be difficult to reduce to something more sustainable unless there is significant reduction in its largest single component: the U.S imbalance with China. When the United states has a trade deficit, it concentrated on manufactured goods, mainly because manufactures are the most readily traded sector of the economy and account for about 80 percent of U.S exports and imports. U.S manufacturing trade deficit causes a decline in U.S manufacturing output.

**Reasons behind the Conflict**

**World Trade Organization ruling against china:**

The decision by the Bush administration to bring a case before the World Trade Organization against China’s alleged subsidies of its industries is the most aggressive and potentially most significant trade action against China by any of its trading partners since the nation became a major player in the global economy. As a formerly state-dominated economy, subsidies and their competition-distorting consequences remain a fact of everyday economic life in the Chinese marketplace. Unless China succeeds in resolving these concerns, an adverse WTO ruling against China would permit Washington to levy unprecedented import duties on Chinese products.

**The composition of the U.S trade balance:**

China sold America straw goods, toys and shoes, increasingly the Chinese export high-value goods that Americans still make. China’s trade surplus with the U.S in electronics is a sensitive segment for both countries.

**Emergence of China as both producer and consumer of unsafe products:**

Americans have to worry that in some future confrontation, China’s emergence as the global factory also has implications for U.S trade policy. Much of China’s surplus is a product of Chinese companies importing parts from Taiwan or elsewhere that are then assembled and exported to America. China was criticized for exporting unsafe consumer products to Europe such as lead paint toys which create hazardous health problems to the children.

**Chinese export impact:**

China’s exports are only now beginning to impact American industry – so the political backlash has yet to come. And China bashing may never be as severe as Japan bashing in the 1980s, if only because the U.S manufacturing sector is far smaller today, so fewer people face losing their jobs.

**Americans' demand for imported goods:**

Everything from cars and clothing demands by the Americans toward china climbs up. About two-thirds of those imports coming from China. Nor is the Chinese presence felt only in basic manufactured goods. The TVs and toasters bearing the “made in China” label have now been joined by semiconductors, generation cell phones, computers, digital cameras, telecom equipment, Automobile and associated software. Chinese industry is rapidly emerging as a significant competitor in global high-technology markets which cause conflict between the manufactures of these countries.

**China’s Currency Policy:**

Many U.S. policymakers and business representatives have charged that China’s currency is significantly undervalued vis-à-vis the U.S. dollar (with estimates ranging from 15% to 40%). They charge that China’s currency policy makes Chinese exports to the United States cheaper, and U.S. exports to China more expensive, than they would be if exchange rates ire determined by market forces. They complain that this policy has particularly hurt several U.S. manufacturing sectors (such as textiles and apparel, furniture, plastics, machine tools, and steel), which are forced to compete against low-cost imports from China, and that this has contributed to the growing U.S. trade deficit with China.

### **U.S. Efforts to Improve China's Intellectual property rights Regime:**

The United States has pressed China to improve its IPR protection regime since late 1980s. In 1991, the United States threatened to impose \$1.5 billion in trade sanctions against China if it failed to strengthen its IPR laws. Although China later implemented a number of new IPR laws, it often failed to enforce them, which led the United States to once again threaten.

### **U.S. Countervailing Laws to China:**

Many critics of Chinese trade policies contend that the Chinese government provides a significant level of subsidies to many of its industries, such as preferential bank loans and grants, debt forgiveness, and tax breaks and rebates. In addition, some analysts charge that China's currency policy constitutes a form of government export subsidy. Such critics contend that U.S. countervailing laws, which seek to address the negative impact of foreign government subsidies on exported products may have on U.S. producers in the United States, should be applied to non market economies such as China.

### **U.S. cases against China:**

The United States has initiated WTO dispute resolution cases against China, two of which have been resolved. Cases outstanding include:

- The office of United State trade representative (USTR) requested WTO dispute resolution consultations with China regarding its discriminatory treatment of U.S. suppliers of financial information services in China.
- The USTR filed two IPR-related cases against China: the first case charges that China has failed to comply with the TRIPS agreement (namely in terms of its enforcement of IPR laws) and the second case charges that China has failed to provide sufficient market access to IPR-related products, namely in terms of trading rights and distribution services.
- The USTR initiated a WTO case against China for its use of discriminatory regulations applied to imported auto parts (which often apply the high tariff rate on finished autos to certain auto parts), stating that the purpose of these rules was to discourage domestic producers from using imported parts and encouraging foreign firms to move production to China.
- A WTO panel ruled that China's discriminatory tariff policy was inconsistent with its WTO obligations.

### **Conflict analysis with the use of tools**

Conflict analysis is a practical process of examining and understanding the reality of the conflict from a variety of perspectives. It is done with the help of a number of simple, practical and adaptable tools and techniques. The tools that are used to understand and analyze America-China trade dispute are:

- i) The Onion (Or the Doughnut),
- ii) The Conflict Tree,
- iii) Conflict analysis through Conflict Mapping.

Each of these is analyzed below;

**The Onion (or the Doughnut):** The Onion is based on three layers such as positions, Interests and needs. Figure shows that American Government was against too much import from china because of their trade deficit. On the Other hand, Chinese Government wants to create position by capturing the American market with their low price offer. Both countries have several interests of their own. As we see that when these two countries interests are under attack then they need to defend a position that is still further related with their basic needs. This picture shows the different position, needs and interests, conflict/Igniting between these two countries.



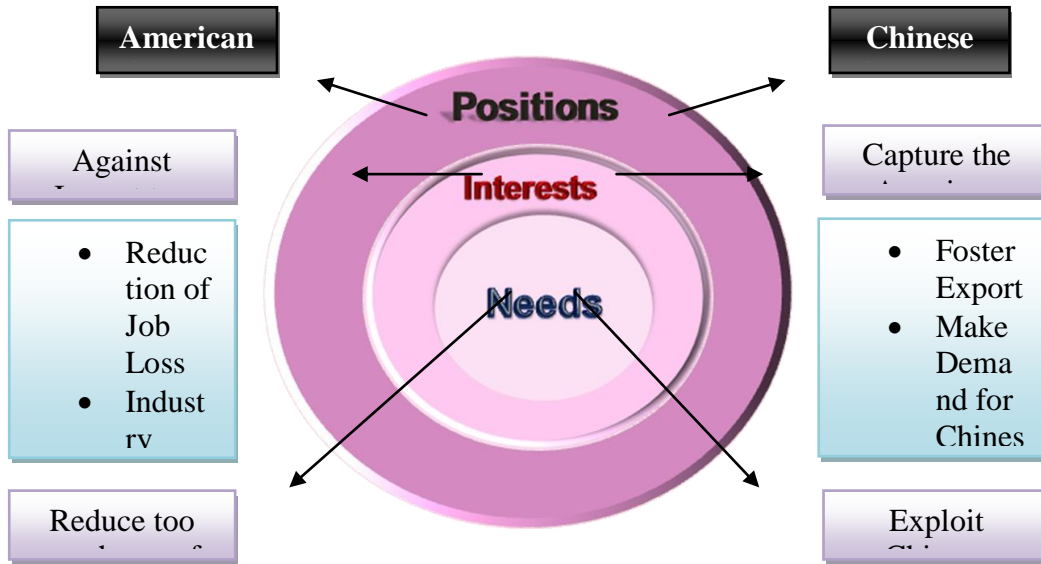


Figure 1. America-China dispute analysis through The Onion

**The Conflict Tree:** The Conflict tree shows the causes of Conflict, the core problem lying behind the conflict and its overall effects on these two countries. America faced a huge trade deficit in manufacturing goods which creates the core problem between these two countries. The root of the tree shows the causes. There are several causes lying behind this conflict which include WTO rules against china, trade surplus gap, Chinese currency policy, emergence of china as producer and consumer, American demand on Chinese products, intellectual property rights regime etc. The Branches shows the effects. U.S jobs in the manufacturing sector dropped fiercely. So many U.S firms laid the blame squarely on china. America faces a less trade-to-GDP ratio. This creates a bilateral trade deficit in purely negative term. The progressive reduction of Chinese tariff increases its market access. So the ultimate effect is china increased its investment on infrastructure.

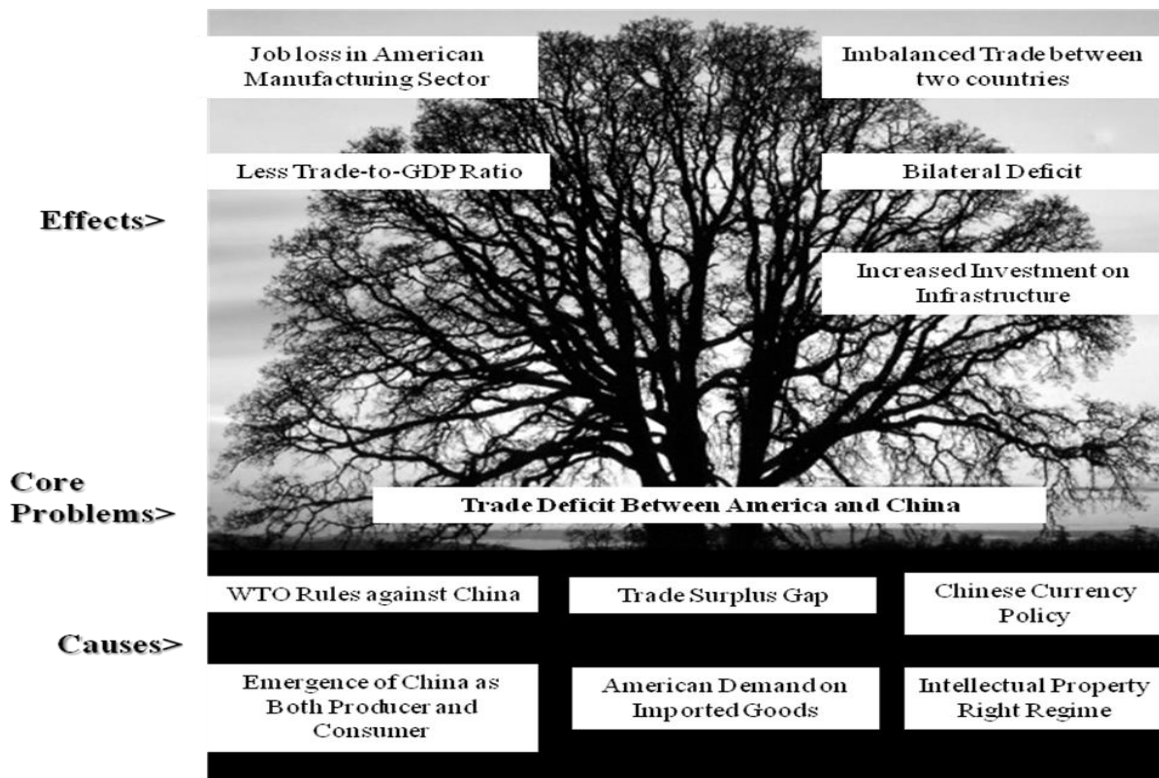


Figure 2. The Conflict Tree



**Conflict Mapping:**

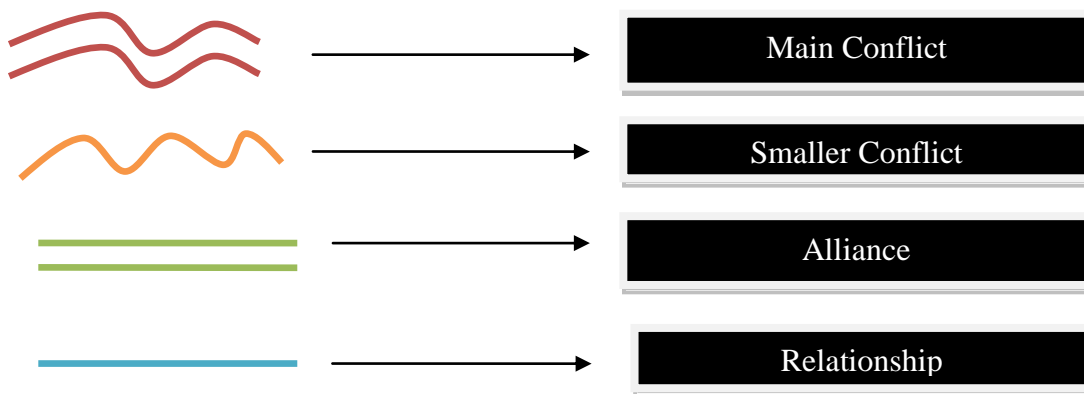
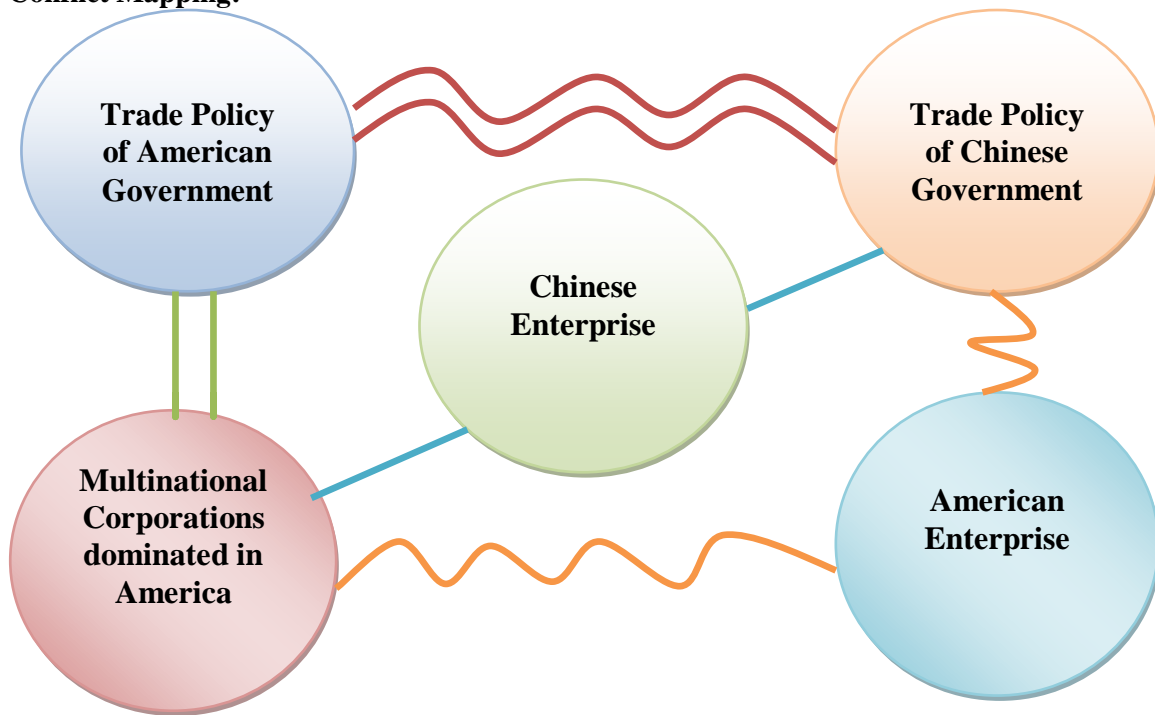


Figure 3. Conflict Mapping Tool

Through Conflict Mapping we found that the main conflict lies between the Trade policy of American and Chinese Government. Multinational Corporations are considered favorably most while making the U.S Policy. So there is an alliance between the American Government and the multinationals situated there. As policy goes in favor of the multinationals the local enterprises are affected by this and cannot cope with the external competitors. So there lies an smaller conflict between American local enterprises and the multinationals. On the Other side, American enterprises face a huge trade deficit because of Chinese policy. The trade policy of the Chinese Government subsidizes its enterprises. They also get feedback from the multinationals. So these relationships cause a major trade dispute between these two countries.

**Findings:**

From the above analysis, we noted some critical aspects regarding trade between America and China. The major findings and analysis are described below:

- i) Protecting American strategic interests and improving trade with China are mutually exclusive goals. Through discipline and consistency in America's foreign policy toward China, these interests can be balanced.
- ii) China today is key to Asian stability. And, sooner rather than later, it will be the largest market in the world. Both America's strategic and economic interests are more likely to be advanced by engaging in vigorous trade, diplomatic relations, and other political and economic relationships than by trying to ignore, isolate, contain, or sanction it.
- iii) WTO membership will strengthen the hands of the economic and political reformers in China, improve the lives of the Chinese people, and help stabilize and normalize China's relations with the rest of the world. In many ways, Chinese accession to the WTO will benefit America and China's Pacific Rim neighbors even more than it benefits China.
- iv) The United States should not make trade contingent on changing this parallel development in China. It could tighten export controls. But aside from pointlessly aggravating Sino-American relations it cannot roll back the clock to a pre-industrial China, one that did suffer a rigid trade-off between economic growth and military capacity.
- v) China's export industry dominated by labor-intensive products or processing trade, has a different market structure from most of its Pacific Rim neighbors. Machinery, electrical goods, and transportation equipment (the higher value-added goods) made up only 27 percent of China's total exports in recent years. On average, only about a quarter of China's exports overlap with rival Asian countries. Most Asian countries are on a higher rung of the technology ladder. Third, cheap imports from developing countries such as China have been long blamed for stealing jobs or widening income inequality in the U.S.
- vi) America has been experiencing the longest economic boom with the lowest unemployment rate in its history. Even if the asset markets overheat, U.S. consumers are benefiting from low prices and mild inflation, largely due to low import price. Perhaps more fundamentally, under external pressure from those cheap imports, the U.S. has been able to develop a strong comparative advantage not only in technology and other skill-intensive sectors, but also in less skill-intensive sectors -- such as the textile and the glassware industry -- by raising productivity and applying new technologies. As such, the U.S. is now ill-positioned to take advantage of expanding global trade and investment opportunities. True, the U.S. is currently running high trade deficits. But it is precisely because of its global leadership in new technologies that the U.S. receives the world's largest capital inflow which supports technical innovation and finances the trade deficit, thereby avoiding becoming a candidate for financial crisis.
- vii) In summary, U.S. strategic interest lies in the success of China's ongoing economic reforms and its stable progress toward becoming a more democratic society with rule of law. But this will require economic co-operation within the international community, and trade is obviously one of the most important channels to convey such support.

## CONCLUSION AND RECOMMENDATIONS

China overtook Japan to become the third largest U.S. export market, and overtook Canada to become the largest source of U.S. imports. With a huge population and a rapidly expanding economy, China is a potentially huge market for U.S. exporters. However, U.S.-China economic relations have become strained over a number of issues, including large and growing U.S. trade deficits with China, China's failure to fully implement its World Trade Organization (WTO) commitments (especially in regards to protection of intellectual property rights), its refusal to adopt a floating currency system, its use of industrial policies and other practices deemed unfair and/or harmful to various U.S. economic sectors, and failure to ensure that its exports to the United States meet U.S. health and safety standards. The Bush Administration has come under increasing pressure from Congress to take a more aggressive stance against various Chinese economic and trade practices. In response, it filed a number of trade dispute resolution cases against China in the WTO, including China's failure to protect IPR and afford market access for IPR related products, discriminatory regulations on imported auto parts, and import and export subsidies to various

industries in China. In addition, the Administration reversed a long-standing policy that countervailing cases (dealing with government subsidies) could not be brought against non-market economies (such as China). In December 2006, the Administration began a “Strategic Economic Dialogue” (SED) with China to discuss major long-term economic issues between the two countries; the latest SED talks are held in December 2007. In response to growing concerns in the United States over the health, safety, and quality of certain Chinese products, the Administration in 2007 concluded agreements with China on toys, food and feed, drugs and medical devices, and tires. From the above analysis we found that China fails to fully implement its World trade organization commitment especially in regard to protection of intellectual property rights, refusal to adopt a floating currency, use of industrial policies and other practices which are harmful to various U.S economic sectors. From the above analysis we put some recommendations that can bring a win-win situation for both these countries. Trade Disputes can be reduced by mutual trust and settlement. Several trade dispute resolutions should be taken in the case of related import export oriented product. For both country, long standing policies should be adapted to countervailing bad effects on business. The countries which face trade deficit should take consumer protection law and strong enforced regulation to protect its domestic business. WTO can take a specific and effective trade deficit prevention policy. Side by side both America and China should be aware to prevent intense competition. Export oriented product quality of U.S. should be improved to make a distinct image in the world market. Trade deficit is a major issue today. Well planned and established policies are needed to overcome from this raising problem. The United States and China have the ability to solve trade disputes through talks, and can work together to contribute to the recovery of world economy. In Bangladesh, conflict management is a rising issue. For this reason a subject called conflict management has been introduced for the students who have taken their major on human resources management. There are hardly 1-2 books on this subject are available in the market. From that standpoint, this type of article would be more effective for them to understand the subject matter of the study with the practical arena. Students need to be shifted from the traditional aspect to the modern aspect. Though analysis any kind of conflicting situation within the territory students can play a vital role for the development of the country. Conflict management is such a subject which is purely based on logical ground. All the tools so far shown in this article have logical grounds and easy to understand for anyone the core reasons behind the scene. In future this can be used to analyze other aspects which can act as a vital reasoning for the future generation. Finally, from the judgement of the whole study we can conclude by saying that a considerably trade rule is needed for each country which will help to connect core problems that will lead their local industries to survive and support community people near future.

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