

Research on the competitiveness and Complementarity of China-US Service trade

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How to cite this paper: Yang, S. Y., & Wang, T. S. (2025). Research on the competitiveness and Complementarity of China-US Service trade. *Economics and Public Policy*, 1(2), 26-35. ISSN Print: 3104-4387; ISSN Online: 3104-4395.

<https://doi.org/10.63313/EPP.9011>

Published: 2025-12-22

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Abstract

The cooperation in trade in services between China and the US is of strategic significance for deepening bilateral economic and trade relations and promoting the construction of China as a trading power. As a key area of economic and trade cooperation between the two countries, trade in services urgently needs to be improved and upgraded in the process of building a new development pattern. The research finds that China's commodity-related services, construction, telecommunications, computer and information services industries have obvious competitive advantages, while the competitiveness in financial services, other business services, transportation, insurance and pension services, travel, and intellectual property royalty services industries is relatively weak. The sectors with strong complementarity between China's export and the US' import of service trade are mainly concentrated in transportation, telecommunications, computers and information, etc. To achieve a higher level of opening up to the outside world and accelerate the pace of building a trading power, China should improve intellectual property protection, expand access to the financial market, strengthen compliance with trade policies and subsidy policies, create a fair competitive environment, promote institutional opening up of trade in services, expand the layout of the international market.

Keywords

Service Trade; Trading power; Competitiveness; Complementarity

1. Introduction

Against the backdrop of the global value chain reconstruction and the accelerated development of the digital economy, service trade has become a key force driving the recovery of the world economy and the adjustment of the international trade pattern. As the world's largest developing country and the United States as the largest developed country, the bilateral economic and trade relations have a profound impact on the stability and development of the global economy. In 2023, the trade volume of services between China and the United States accounted for 6.1% and

11.6% of the global total respectively. The interaction between the two countries has significant exemplary significance for the evolution of global service trade rules. At present, the rise of unilateralism and protectionism poses challenges to Sino-US service trade cooperation. Against this backdrop, an in-depth analysis of the competitiveness and complementarity of the service trade between the two countries is of great practical significance for expanding the scope of cooperation, promoting the digital and green transformation of service trade, and building a more open and transparent global market.

2. Competitive Analysis of Trade in Services between China and the US

In order to reflect the competitiveness of China's service trade and US services in the world market service trade at the same time, this paper uses 3 indicators: international market share, trade competitiveness index, and displayed comparative advantage index to compare 9 major service sectors and analyze the international competitiveness of Sino-US service trade. The research data comes from the United Nations Conference on Trade and Development (UNCTAD), which has been collated and calculated.

2.1. International market share

International market share (MS) refers to the proportion of the total export volume of a certain type of product (or service) in a country or region to the total global export volume of similar products (or services). The calculation formula is as follows:

$$MS_{ij} = X_{ij} / X_{wj} \quad (1)$$

Among them, MS_{ij} represents the international market share of products in country i j , X_{ij} represents the total export volume of products in country i j , and X_{wj} represents the total export volume of products in the world j . The higher the MS index value of a product in a country or region, the more competitive the product is in the international market and has a larger market share and influence. This study divides the MS index into five gradients: when the MS index is greater than 6, it indicates that the country has a very strong comparative advantage in service trade; $[4, 6]$ indicates a strong comparative advantage; $[2, 4]$ indicates a weak comparative advantage; $[0, 2]$ indicates a comparative disadvantage. After sorting, the international market share of the main service sectors of China-US service trade is shown in Table 1.

Table 1. Table 1 International market share of major service sectors in China and the US (%).

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mean
(1)	C	12.52 0	14.33 0	13.39 8	12.39 5	12.57 8	12.53 6	12.29 6	11.84 1	11.36 0	10.08 1	12.33 4
	U	10.50 8	11.83 0	12.21 7	12.00 5	12.09 4	11.68 1	6.512	5.322	5.619	5.839	9.363
(2)	C	3.875	4.324	3.955	3.950	4.089	4.392	6.546	10.51 5	9.512	6.440	5.760
	U	9.188	9.461	9.561	9.192	8.999	8.700	6.528	5.430	6.066	7.232	8.036
(3)	C	3.504	3.691	3.568	2.886	2.715	2.309	3.004	1.784	0.844	0.957	2.526
	U	14.33	15.80	15.49	14.61	13.80	13.33	12.75	11.00	12.58	12.43	13.61

		9	7	0	6	6	1	5	7	1	1	6
(4)	C	14.20 8	17.40 5	14.41 0	22.24 2	22.70 5	25.21 4	25.71 5	28.24 1	26.73 0	27.49 3	22.43 6
	U	1.915	2.884	1.919	1.909	2.426	2.850	2.547	2.891	1.845	1.338	2.252
(5)	C	3.302	3.840	3.052	2.821	3.220	3.249	3.598	2.899	2.337	3.172	3.149
	U	12.00 0	12.16 5	12.24 4	13.23 2	12.50 3	12.64 9	13.21 8	12.57 0	12.57 0	11.14 3	12.42 9
(6)	C	0.949	0.508	0.699	0.744	0.652	0.719	0.749	0.778	0.807	0.635	0.724
	U	25.12 0	25.19 3	25.50 3	26.52 2	25.51 4	26.24 0	26.46 7	26.12 8	26.60 3	25.76 1	25.90 5
(7)	C	0.197	0.319	0.330	1.236	1.324	1.505	2.248	2.562	2.888	2.562	1.517
	U	33.90 8	32.64 1	31.92 7	30.65 3	27.33 2	27.75 8	29.35 1	28.10 8	29.40 5	28.30 3	29.93 9
(8)	C	4.288	5.420	5.400	5.163	7.387	7.684	7.674	8.283	8.745	8.285	6.833
	U	8.211	8.708	8.777	8.860	7.729	7.964	7.289	6.238	6.569	6.477	7.682
(9)	C	5.947	5.292	5.005	4.918	5.082	5.075	5.220	5.621	5.600	5.361	5.312
	U	11.41 4	12.81 5	13.23 5	13.36 9	12.83 3	12.90 0	13.50 1	13.23 6	13.82 9	12.99 3	13.01 3
(10)	C	4.159	4.338	4.097	4.090	4.411	4.454	5.332	6.225	5.804	4.816	4.773
	U	14.36 9	15.26 6	15.31 7	15.01 7	14.06 6	14.01 8	13.79 9	12.70 8	12.98 9	12.97 3	14.05 2

Source: Calculated and compiled from the UNCTAD statistical database.

Note: (1) Indicates services related to the commodity; (2) Indicates transportation; (3) Indicates traveling; (4) Indicates construction; (5) Indicates insurance and pension services; (6) Indicates financial services; (7) Indicates the usage fee for intellectual property rights; (8) Indicates telecommunications, computer and information services; (9) Indicates other business services; (10) Represents the total sum of trade in services; C Indicates China; U Indicates US, the same below

As shown in Table 2, from 2014 to 2023, the average international market share of China's total service trade was 4.773%, with a strong comparative advantage; the average international market share of the US' total service trade was 14.052%, with an extremely strong comparative advantage. Overall, there is a significant difference in the international market share of the total service trade between China and the US. From the perspective of international market share of major service sectors, China's commodity-related services, construction, telecommunications, computer and information services industries have extremely strong comparative advantages in international market share, while China's financial and intellectual property royalty service industries have comparative disadvantages in international market share. The US has strong comparative advantages in international market share in industries such as commodity-related services, transportation, travel, insurance and pension services. Overall, the international market share of China's service sector is unevenly developed, while the higher the international market share of the US service sector, the more competitive it is in the international market and has a larger market share and influence.

2.2. Trade competitiveness index

The Trade Competitiveness Index (TC) is a core indicator to measure the relative competitive advantage of a country or industry in international trade. It refers to the proportion of the import and export balance of an industry in a country or region to the total import and export volume of the industry. The calculation formula is as follows:

$$TC_{ij} = (X_{ij} - M_{ij}) / (X_{ij} + M_{ij}) \quad (2)$$

Among them, X_{ij} is the export of the j th product from country i , and M_{ij} is the import of the j th product from country i . This study divides the TC index into six gradients: When the TC index is in the range of $[0.6, 1)$, it indicates that the country's service trade has a strong competitive advantage; $[0.3, 0.6)$ indicates a strong competitive advantage; $(0, 0.3)$ indicates a slight competitive advantage; $[-0.3, 0)$ indicates a slight competitive weakness; $[-0.6, -0.3)$ indicates a strong competitive weakness; $(-1, -0.6)$ indicates a strong competitive weakness. After sorting, the trade competitiveness of the main service sectors of China-US service trade is shown in Table 2.

Table 2. Trade competitiveness index (TC) of major service sectors between China and the US

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mean
(1)	C	0.989	0.884	0.832	0.815	0.825	0.764	0.733	0.721	0.699	0.605	0.787
	U	0.455	0.421	0.480	0.548	0.584	0.521	0.447	0.442	0.451	0.423	0.477
(2)	C	-0.431	-0.377	-0.409	-0.429	-0.438	-0.390	-0.243	-0.016	-0.076	-0.326	-0.314
	U	-0.048	-0.082	-0.061	-0.089	-0.085	-0.107	-0.119	-0.230	-0.261	-0.187	-0.127
(3)	C	-0.675	-0.695	-0.709	-0.736	-0.751	-0.758	-0.770	-0.810	-0.849	-0.862	-0.762
	U	0.304	0.305	0.277	0.250	0.230	0.202	0.356	0.098	0.093	0.088	0.220
(4)	C	0.518	0.240	0.211	0.473	0.511	0.502	0.492	0.494	0.576	0.599	0.462
	U	-0.056	-0.044	-0.023	0.026	-0.040	0.398	0.403	0.119	-0.048	-0.021	0.072
(5)	C	-0.662	-0.277	-0.513	-0.440	-0.414	-0.386	-0.387	-0.503	-0.648	-0.417	-0.465
	U	-0.522	-0.523	-0.520	-0.475	-0.392	-0.468	-0.485	-0.444	-0.444	-0.442	-0.472
(6)	C	-0.043	-0.063	0.225	0.391	0.243	0.226	0.147	-0.023	0.152	0.068	0.132
	U	0.571	0.559	0.559	0.553	0.535	0.525	0.535	0.542	0.489	0.474	0.534
(7)	C	-0.942	-0.906	-0.907	-0.714	-0.730	-0.676	-0.618	-0.594	-0.533	-0.625	-0.725
	U	0.512	0.519	0.458	0.454	0.458	0.487	0.441	0.444	0.387	0.478	0.464
(8)	C	0.305	0.393	0.357	0.183	0.329	0.334	0.283	0.315	0.388	0.401	0.329
	U	0.002	0.033	0.041	0.050	0.083	0.132	0.125	0.056	0.080	0.080	0.068
(9)	C	0.257	0.193	0.143	0.179	0.193	0.191	0.198	0.275	0.311	0.266	0.221
	U	0.186	0.196	0.207	0.220	0.243	0.247	0.268	0.258	0.280	0.272	0.238
(10)	C	-0.328	-0.332	-0.367	-0.344	-0.319	-0.278	-0.152	-0.040	-0.046	-0.183	-0.239
	U	0.213	0.214	0.209	0.203	0.210	0.201	0.217	0.171	0.141	0.157	0.194

Source: Calculated and compiled from the UNCTAD statistical database.

As shown in Table 3, China's TC index is below -0.23, with a slight competitive weakness; the US' TC index is above 0.19, with a slight competitive advantage. By comparing the TC index, it can be seen that China's service trade is less competitive than that of the US. It has always been a major importer of service trade and has long been in a service trade deficit, while the US has long been in a service trade surplus. Judging from the trade competitiveness index of major service sectors, China's commodity-related service industries have extremely strong competitive advantages, while China's travel and intellectual property royalty service industries have extremely strong competitive weaknesses. The US commodity-related services, financial services and intellectual property royalty service industries have strong competitive advantages, while the US insurance and pension service industries have strong competitive weaknesses. Overall, the service trade competitiveness of China's major service sectors is unbalanced and varies greatly, while the service trade of major US sectors mostly has certain competitive advantages and relatively small differences in competitiveness.

2.3. Explicit comparative advantage

The Revealed Comparative Advantage Index (RCA) refers to the ratio between a country's share of total exports of a product and the world's share of total exports of such products. The calculation formula is as follows:

$$RCA_{ij} = (X_{ij} / X_{it}) / (X_{wj} / X_{wt}) \quad (3)$$

Where X_{ij} represents the total export volume of products from country i ; X_{it} represents the total export volume of all products (including trade in goods and services) of country i ; X_{wj} represents the total export volume of world j products; X_{wt} represents the total export volume of all products (including goods and services trade) in the world. [3] When the RCA index is greater than or equal to 2.5, it indicates that the country has a strong comparative advantage in service trade; When it is between [1.25, 2.5), it indicates a strong comparative advantage; When it is between [0.8, 1.25), it indicates a weak comparative advantage; When it is less than 0.8, it indicates a comparative disadvantage. After sorting, the explicit comparative advantage index of the main service sectors of China-US service trade is shown in Table 3.

Table 3. Revealed Comparative Advantage Index (RCA) of major service sectors in China and the US.

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mean
(1)	C	3.010	3.303	3.271	3.031	2.851	2.814	2.306	1.902	1.958	2.093	2.654
	U	0.731	0.775	0.798	0.800	0.860	0.833	0.472	0.419	0.433	0.450	0.657
(2)	C	0.932	0.997	0.965	0.966	0.927	0.986	1.228	1.689	1.639	1.337	1.167
	U	0.640	0.620	0.624	0.612	0.640	0.621	0.473	0.427	0.467	0.558	0.568
(3)	C	0.842	0.851	0.871	0.706	0.615	0.518	0.563	0.287	0.145	0.199	0.560
	U	0.998	1.036	1.011	0.973	0.982	0.951	0.924	0.866	0.969	0.958	0.967
(4)	C	3.416	4.012	3.518	5.438	5.147	5.661	4.823	4.537	4.606	5.709	4.687
	U	0.133	0.189	0.125	0.127	0.173	0.203	0.185	0.228	0.142	0.103	0.161
(5)	C	0.794	0.885	0.745	0.690	0.730	0.729	0.675	0.466	0.403	0.659	0.678
	U	0.835	0.797	0.799	0.881	0.889	0.902	0.958	0.989	0.968	0.859	0.888
(6)	C	0.228	0.117	0.171	0.182	0.148	0.161	0.141	0.125	0.139	0.132	0.154
	U	1.748	1.650	1.665	1.766	1.814	1.872	1.918	2.056	2.048	1.986	1.852
(7)	C	0.047	0.073	0.081	0.302	0.300	0.338	0.422	0.412	0.498	0.532	0.300
	U	2.360	2.138	2.084	2.041	1.943	1.980	2.127	2.212	2.264	2.182	2.133
(8)	C	1.031	1.249	1.318	1.262	1.675	1.725	1.439	1.331	1.507	1.720	1.426
	U	0.571	0.570	0.573	0.590	0.550	0.568	0.528	0.491	0.506	0.499	0.545
(9)	C	1.430	1.220	1.222	1.203	1.152	1.139	0.979	0.903	0.965	1.113	1.133
	U	0.794	0.840	0.864	0.890	0.912	0.920	0.979	1.042	1.065	1.002	0.931

Source: Calculated and compiled from the UNCTAD statistical database.

UNCTAD divides service trade into two categories according to traditional service trade and knowledge-intensive service trade. From the perspective of the overall RCA mean, in traditional service trade, China's commodity-related services have a strong competitive advantage, while commodity-related services and transportation services have a competitive disadvantage. In knowledge-intensive service trade, China's construction services have a strong competitive advantage, while insurance and pension services, financial services and intellectual property royalty services have com-

petitive disadvantages; the US has a strong competitive advantage in financial services and intellectual property royalty services, while construction services and telecommunications, computer and information services have competitive disadvantages. Overall, there is a large gap in the competitiveness level of traditional service trade and knowledge-intensive service trade between China and the US. The US has a high proportion of knowledge-intensive service trade, while China's traditional service trade accounts for a high proportion and is gradually shifting from traditional service trade to knowledge-intensive service trade.

3. Analysis on Complementarity of Trade in Services between China and US

The Trade Complementarity Index (TCI) summarized by Drysdale (1967) is widely used in the field of economics as an important tool to measure the degree of matching between bilateral trade structures. [4] The TCI index measures the degree to which a country's export commodity structure matches another country's import demand structure. The calculation formula is as follows:

$$TCI_{ij}^k = RCA_{xi}^k \times RCA_{mj}^k \quad (4)$$

$$RCA_{xi}^k = (X_i^k / X_i) / (X_w^k / X_w), \quad RCA_{mj}^k = (M_j^k / M_j) / (M_w^k / M_w)$$

In the above formula, TCI_{ij}^k represents the trade complementarity index of k products from country i and country j; RCA_{xi}^k represents the explicit comparative advantage index of k products exported by country i; RCA_{mj}^k represents the explicit comparative advantage index of imported k products from country j; X_i^k and X_w^k are the export values of k products in country i and the world respectively; X_i and X_w are the total exports of country i and the world respectively; M_j^k and M_w^k are the import values of k products from country j and the world respectively; M_j and M_w are the total imports of country j and the world respectively. For specific explanation, see formula (4). The larger the TCI index, the greater the complementarity of service trade between the two countries, and vice versa. After sorting, the service trade complementarity index of the main service sectors of China's service trade with the US is shown in Tables 4 and 5

Table 4. Complementarity index of trade in services between China (exports) and the US.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mean
(1)	1.838	1.687	2.122	1.867	1.387	1.353	1.487	0.806	0.536	0.528	1.361
(2)	0.789	0.831	0.920	0.847	0.859	0.849	0.916	0.920	1.316	1.392	0.964
(3)	0.856	0.682	0.724	0.754	0.617	0.569	0.495	0.368	0.270	0.153	0.549
(4)	-	-	-	-	-	-	-	-	-	-	-
(5)	1.892	1.883	2.115	1.849	1.676	1.521	1.708	1.812	1.059	0.811	1.633
(6)	0.240	0.334	0.168	0.239	0.266	0.235	0.266	0.236	0.190	0.226	0.240
(7)	0.074	0.048	0.066	0.082	0.302	0.283	0.299	0.431	0.382	0.496	0.246
(8)	1.287	1.335	1.454	1.608	1.492	1.863	1.801	1.446	1.304	1.408	1.500
(9)	1.046	1.192	1.022	1.002	0.980	0.928	0.850	0.782	0.742	0.757	0.930

Source: Calculated and compiled from the UNCTAD statistical database.

Note: * indicates that world-related data from the UNCTAD statistical database are missing.

From the overall TCL average, the TCL index of China's exports to goods-related services, insurance and pension services, and telecommunications, computer and information services imported from the US is greater than 1, indicating that the service trade between the two countries has a great degree of complementarity, a high level of fit, and broad development prospects; The TCL index of travel, financial services and intellectual property royalty services exported by China and imported by the US is far less than 1, which shows that the degree of complementarity in service trade between the two countries is low and the intensity of complementarity is not high. Overall, China and the US should seize the advantageous service sectors of the two countries' TCL indexes, strengthen cooperation between the two countries, maintain trade stability between the two countries, pay attention to the service sectors with lower TCL indexes in the two countries, start from the gaps in the service sectors with lower complementarity, and deepen the cooperative development of service trade between the two countries.

Table 5. Complementarity index of service trade between China (imports) and the US.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mean
(1)	0.006	0.008	0.104	0.148	0.157	0.167	0.237	0.154	0.147	0.170	0.130
(2)	0.764	0.623	0.561	0.542	0.582	0.619	0.634	0.564	0.556	0.652	0.610
(3)	1.621	2.164	2.453	2.377	2.182	2.153	2.046	2.820	2.050	1.550	2.142
(4)	-	-	-	-	-	-	-	-	-	-	-
(5)	1.254	0.953	0.381	0.551	0.497	0.541	0.526	0.674	0.806	1.003	0.719
(6)	0.422	0.438	0.219	0.163	0.131	0.159	0.203	0.274	0.438	0.332	0.278
(7)	2.285	1.623	1.372	1.371	1.556	1.642	1.687	2.226	2.544	2.523	1.883
(8)	0.236	0.235	0.220	0.251	0.368	0.375	0.441	0.492	0.497	0.501	0.362
(9)	0.510	0.337	0.335	0.347	0.345	0.348	0.360	0.429	0.467	0.485	0.396

Source: Calculated and compiled from the UNCTAD statistical database.

Note: * indicates that world-related data from the UNCTAD statistical database are missing.

From the overall TCL average, the TCL index of travel services and intellectual property royalty services imported by China and exported by the US is greater than 1, indicating that the service trade between the two countries is extremely complementary, has a high level of fit, and has broad development prospects; The TCL index of goods-related services, transportation, insurance and pension services, financial services, telecommunications, computer and information services and other business services imported by China and exported to the US is less than 1, indicating that the degree of complementarity in service trade between the two countries is low and there is still a lot of room for development in the future. Overall, there are few major sectors where the average complementarity index of China's imports and exports to the US is higher than 1. The two countries need to further strengthen trade exchanges in this regard, break down tariff barriers between the two countries, gradually narrow China's trade deficit, strengthen the complementary advantages of the two countries' service trade, narrow the complementary disad-

vantages of the two countries' service trade, and create opportunities for the deepening development of the service trade between the two countries.

4. Main Conclusions and Policy Implications

4.1. Main conclusions

Based on the data from 2014 to 2023, this paper compares and analyzes the competitiveness and complementarity of China-US service trade by using 4 indicators: international market share MS, trade competitiveness index TC, indicated comparative advantage index RCA and trade complementarity index TCL. The following main conclusions can be drawn:

1. China's international market share of trade in services increased to 6.23% from 2014 to 2021, and decreased to 4.82% from 2021 to 2022; The US' international market share of trade in services increased to 15.3% from 2014 to 2016, and dropped to 12.97% from 2016 to 2023. This may be due to the impact of the epidemic, the complex world economic situation, the difficult and tortuous economic recovery in developed countries, the slowdown in economic growth in emerging market countries, and the increasing downward pressure on China's economy. But overall, my country's economic operation is generally stable, with steady progress, and various data continue to remain in a reasonable range. At present, the downward pressure on the world economy has indeed increased, but the overall economic foundation of China and the US is solid and has a strong ability to resist risks.
2. The trade in services between China and the US shows remarkable dynamic complementarity and cooperation potential. China's competitiveness in service trade has continued to rise overall and is accelerating its leap to the high end of the global value chain. The explicit comparative advantages of the two countries in different service sectors are significantly different. China has export advantages to the US in sectors such as transportation, telecommunications, computers and information, while the US has significant export advantages to China in fields such as travel and insurance. By strengthening intellectual property protection, expanding financial opening-up and deepening bilateral cooperation, complementary potential can be further unleashed, promoting mutual benefit and win-win results for both sides and the integrated development of global service trade.

4.2. Policy Implications

China's service trade has competitive advantages mainly in labor-intensive and resource-intensive traditional service trade, while knowledge and technology-intensive service trade is extremely uncompetitive. However, due to the rising cost of cheap domestic labor, the competitiveness of China's traditional service trade is gradually losing its competitive advantage and shifting to Southeast Asia and other regions. As the world's largest country in terms of service trade scale and trade

surplus, the US has competitive advantages in industries mainly knowledge- and technology-intensive service trade. This paper calculates the competitiveness and complementarity of service trade between China and the US and draws the following development experience:

1. Improve intellectual property protection and expand access to financial markets. First, build a comprehensive intellectual property protection system. Strengthen the legal protection of trade secrets, clarify the definition standards and criminal case filing thresholds for infringement, and improve the evidence preservation and temporary injunction system. Improve the rapid processing mechanism for online infringement, establish standards for determining the effectiveness of infringement notices and counter-notices, and strengthen the main responsibility of platforms. Secondly, expand the two-way opening of financial markets. Remove restrictions on the business scope of foreign banks and allow them to conduct RMB business as soon as they open. Optimize the approval process for foreign investment in controlling financial institutions and promote the orderly lifting of restrictions on shareholding ratios. Thirdly, promote the safe flow of data across borders. Pilot the data classification and grading management system on open platforms such as free trade pilot zones, and establish a fast track for security assessment of important data outbound. Participate in the formulation of international rules for cross-border data flows and promote the formation of a cross-border data governance framework with mutual recognition and trust.
2. Strengthening trade policy compliance and building a fair competition environment. First, build a subsidy system that complies with international rules. Submit subsidy notifications in strict accordance with WTO transparency requirements to promote the transformation of industrial policies to functional and inclusive ones. Actively participate in multilateral discussions on industrial subsidies and promote the formulation of international rules that take into account development and fairness. Secondly, create a fair and competitive market environment. Comprehensively clean up discriminatory subsidies and local protection policies, and establish a unified national negative list for market access. Improve the implementation rules of the fair competition review system, and fully include industrial policies, bidding and tendering in the scope of review. Promote the reform of market-oriented allocation of factors and promote the free flow of factors such as talents, technology, and data. Thirdly, optimize the tax and regulatory system. Accelerate the implementation of the principle of statutory taxation and unify the tax policy treatment for domestic and foreign-funded enterprises. Establish an international benchmarking mechanism for regulatory standards to promote the connection between domestic regulations and high-standard agreements such as CPTPP.
3. Promote the institutional opening of trade in services and expand international market layout. First, improve the cross-border service trade management system. Fully implement the negative list of cross-border trade in services and establish a

dynamic adjustment mechanism for the list. Optimize the approval and filing process for cross-border trade in services and promote "one-stop" government services. Strengthen the supervision and coordination of cross-border flows of factors such as funds, personnel, and technology, and establish a cross-departmental comprehensive supervision mechanism. Secondly, play the leading role of open platforms. Build a national demonstration zone for innovative development of trade in services and explore new models of full-chain supervision. Establish an open risk prevention and control system and improve the risk assessment mechanism for major opening measures. Thirdly, improve the level of standardization. Formulate national standards for key areas of trade in services and establish a standard system that is in line with international standards. Support industry associations to participate in the formulation of international standards and promote the internationalization of Chinese standards. Build a service trade standardization information platform to provide standard query and consulting services.

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