

## The Causes and Methods of Competition between the First World Economies in Asia-Pacific Region

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### Abstract

The People's Republic of China devalued yuan; this fall the United States of America signed the agreement on establishing of the Trans-Pacific partnership. Obviously, the relations between Beijing and Washington, which are already complicated, aggravated. The aim of the article is to review the reasons and methods of rivalry of two largest economies of the world, analysis of the influence of the specified states on the world economy in general. Lately, the thesis, that in today's world the new round of confrontation between "The Crouching Tiger" and "The Awakened Eagle" had begun, spread in various economic sources. Leaders of both countries seek to get support of old allies and look for the new. The mentioned collision of interests of the USA and China will undoubtedly define the direction and an order of development not only for the Pacific Rim, but for the whole world. This determines the relevance of stated purpose for writing the article. When writing the article, theoretical methods of empirical research, concerning aspects of realization of the foreign-economic and investment policy of the USA and China were used. On the basis of method of comparisons and analogies the most significant directions of financial policy of these countries, prospects of US dollar and the Chinese renminbi as leading world currency were taken into consideration. The most probable scenarios for development of relationship between these states based not on competitive contradictions, but on complementarity of the American and Chinese economies were defined.

**Keywords:** Trans-Pacific partnership, AIB, treasury obligations, reserve currency, financial liberalization.

### 1. Introduction

One of the most important directions for development of the international economic system are the U.S.-Chinese relations, which always were complicated and in which the short periods of rapprochement and cooperation alternated with years of aggravations and competition. After successful reforms in China, due to which the country turned into the second economy of the world, experts started talks about transformation of the PRC into the largest player on the international scene. The global financial crisis of 2008 considerably contributed to the increase of the status of China and defined a new phase in the U.S.-China relations.

One of the first, who raised the subject of relationship between two states in his book "On China", was the former United States Secretary of State Henry Kissinger (2011). About prospects of the USA leadership in world economy after crisis of 2008 and about readiness of the PRC to compete with them Melissa Murphy and Wen Jin Yuan wrote in their work "Is China Ready to Challenge the Dollar?" (2009). The U.S.-China trade relations were examined by Imad Moosa in the article "The US-China Trade Dispute: Facts, Figures and Myths" (2012). The reasons for emergence of such term as "chimerica" and specific features of USA and PRC economic strategies were reviewed in Ben Mah research "Chimerica: A Tale of Two Nations" (2013).

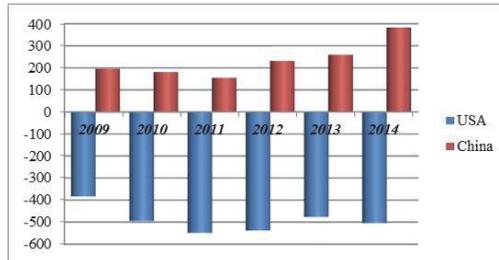
The specified and some other works influenced the decision to study attentively the reasons and features of competition between the largest economies - American and Chinese.

### 2. Results and Discussions

During the consideration of tensions in the U.S.-China economic relations it is necessary to focus attention on close interconnection of economic development between two countries. The total amount of their commodity turnover in 2014,

according to the USA Congressional Research Service, was 592 billion dollars, having increased in a year by 5,3% (from 562,1 billion dollars in 2013) (Wayne M. Morrison, 2015). The United States are the largest consumer of the Chinese consumer goods: textiles, clothes, footwear, toys. The American capital-intensive and technology-intensive kind of products, and also products of the agricultural sector, in turn, are exported to China. It can be stated that foreign trade between two countries is complementary and mutually advantageous. However, in absolute expression obvious disproportions in favor of China are observed.

It is worth comparing trade balances of two countries for 6 years - from 2009 to 2014 (fig.1). The illustration shows that at the beginning of 2015 USA trade deficit was over 504 billion dollars, having increased in 2014 by 5,9%. At the same time the PRC surplus of balance was 382,5 billion dollars, which is 46,7% higher than the value of 2013. Figures testify the presence of a significant difference between the resulting balance of trade between states.



**Fig.1:** Trade balance of the PRC and USA, billion dollars.

**Source:** Developed by the author according to <http://www.statista.com/>

In order to increase the competitiveness of their economies, in the USA and China the active foreign economic policy is pursued: agreements are signed, new institutes are created.

Initiatives of two considered countries for establishing and signing special intercountry agreements have to be analyzed.

The USA and the PRC propose initiatives on creating an effective trade zones and deepening existing trade integration. The promising projects for the future of world trade are considered to be the Free Trade Area of the Asia-Pacific (FTAAP) generated by China, assuming to include 21 economies of APEC, and the American Trans-Pacific Partnership (TPP), comprising 12 countries of the region.

Comparing these initiatives, it has to be noted that the first represents integration project uniting, besides the other countries, "two poles of global imbalances" - China and the USA while the Trans-Pacific Partnership is regarded as the instrument of preservation of the American control over the Pacific zone. Actually TPP, created in October, 2015, is a key to redistribution strategy of economic resources and capacities of the region for the United States benefit.

"Our goals are not only economic, but also strategic... The aim of the USA is, by strengthening multilateral trade system, to create such powerful economic partnership as our alliances in the sphere of diplomacy and safety. TPP is an absolute declaration of long-term strategic obligations of the USA in Asia-Pacific", - Tom Donilon, one of the American President advisers, reported (Terehov V.F., 2015).

One more component concerning the foreign trade policy of two countries should be observed – the establishment of new institutions. It is necessary to mention the foundation of new international bank in October, 2014 for financing major infrastructure projects in Asia – AIIB. The decision on establishment of the bank was made in 2013 after USA had refused to ratify changes in work of the International Monetary Fund, which referred to the voting reform and redistribution of quotas that could provide for China and other countries with developing economy more rights. Additionally, it has to be stated that direct goal of creating the AIIB was due to the need of financing the construction of the high-speed railroad through Asia to Europe including sea infrastructure and called "A new silk road".

AIIB will be another regional institute, along with Asian Development Bank. Its emergence coordinates with need to meet the demand of Asian countries in financing large projects, which total volume is estimated at 8 trillion dollars. Actually, AIIB on condition of providing high standards of bank management and business ethics, perfect credit policy and efforts on improvement funding mechanisms for regional infrastructure projects can become a prototype of "World bank" for developing countries.

Heads of the Chinese financial system do not state strengthening of the yuan role as the purpose of creation of AIIB, but quite so emergence of the new bank is perceived in many countries. In the world community AIIB is considered

as the direct competitor of the IMF and the World bank which emergence within Bretton Woods Agreements provided significant advantages to the USA due to granting them the right of imposing the veto on any decisions of these organizations. Contrary to the situation in the International Monetary Fund, China does not seek to obtain the similar right in the new bank. The basic principles and operating conditions of AIIB will be similar to conditions of BRICS bank (NDB): it is the actual identity of tasks and functions of banks (financing the infrastructure projects in Asian countries); ability to organize co-financing (syndicated lending) of major investment projects together with other international/regional development banks; ability to expand the number of the founder states (Dzhagitjan Je.P., 2015).

In the field of finance, PRC institutional activity manifests additionally in two areas. Those are the creation of rating agency for the BRICS countries and international telecommunication payment system which could become an alternative to SWIFT system primarily in the Pacific Rim.

Quite noticeable the competition between the USA and China manifests also in investment activity.

According to data from United Nations Conference on Trade and Development, in 2014 China became the leader in terms of foreign direct investment: the amount of attracted capital reached 127, 6 billion dollars. Investments in the USA in the same year, on the contrary, decreased from 230,8 billion to 86 billion dollars (World Investment Report, 2014).

Plans of China are not limited to creation of favorable investment climate within the country. Chinese authorities encourage capital export. The international financial crisis of 2008-2009 and the fragmentary recovery of the world economy which followed it led to the downward trend and stagnation in the world market of direct investments. For China crisis was the catalyst for acquisition of assets abroad, including hi-tech companies in developed countries. The pace of entering foreign markets for Chinese enterprises has accelerated. The expansion in the number of Chinese investors occurred among others at the expense of enterprises of non-state forms of ownership. By 2014 their specific weight attained 45% in the total volume of Chinese overseas investments.

In post-crisis years China has become the largest donor for the states, which were affected by instability in financial markets, and transferred to economies of foreign countries 184 billion dollars (Dejch T.L., 2009). It has to be mentioned in particular that peculiarity of the Chinese investment is investors' goals: companies with solid financial support from the state invest not for profit, but for technology transfer to homeland, gaining control over natural resources or capturing market share without regard to costs (Shang A., 2015).

The total amount of Chinese foreign accumulated investments for the beginning of 2014 is estimated at 775-800 billion dollars, 646 billion of which are investments into non-financial assets. Despite the impressiveness of the provided figures they, however, testify that China in the field of investment activity vastly cedes to the USA, taking the 10th place in the world. Furthermore, the problem of many Chinese investments is their quality. This issue is caused by the fact that some investments were forced by public authorities whereby acquired features of a political campaign.

Today China expanded its investment geography to 128 countries and regions of the world. The main part falls on Hong Kong, ASEAN countries, Australia, the USA, Russia, Japan and the European Union. Only in January and February, 2014 the Chinese direct investments to the above countries were 13,42 billion dollars (Shang A., 2015).

China actively competes with Americans for influence in Africa (The Heritage Foundation, 2014). It has already become the largest source of annual direct investments for 54 countries of the specified continent, participating in large construction and infrastructure projects in the region: the "mega-mosque" worth 1,3 billion dollars in Algeria; hydroelectric power station in Ghana (700 million dollars); the congress center in Guinea (800 million dollars); the biggest road of East Africa in Kenya (300 million dollars). The Chinese government together with the African development bank has created a fund to promote economic growth of Africa, for an amount of 2 billion dollars.

The USA also conduct active investment policy in Africa. Thus, the volume of direct investments in African countries over the last 16 years has increased by 8 times and reached 44.8 billion dollars. In 2013 the USA created the program for electrification of Africa in the framework of which the construction of transmission lines and creation of generators in six countries is provided. The amount of financial assistance and guarantees on loans is 7 billion dollars (Ksenofontov K., 2014).

Feature of the American investments is that they are provided by the private sector and aimed at a limited number of countries. The influx of new private U.S. investments to the continent is less than 50% of the amount of the profits which are taken out from them on earlier made capital investments. This means that growth of American property on the continent occurs without substantial financial resources from the United States.

The essential difference of Chinese investments from American should be pointed out: China's influence in Africa is under a solely economic foundation what distinguishes it from the U.S. The key directions of American investments are determined on the basis of political and military-strategic objectives. The USA openly declare the need to improve the investment climate and system of public administration for the expansion of cooperation with African states (Zimenkov R. I., 2011).

The rivalry between the two largest economies takes on a special significance in the financial markets. Still indisputable fact is that the government bonds of the United States (US Treasuries), having the highest credit rating of AAA, are considered as reliability standard in the world, however, for investors debt securities of the PRC become more and more attractive. The main reason of popularity – profitability of this type of securities: the coupon rate of the bonds ranges from 0.25 to 2% per annum, depending on timing, the yield on Chinese bonds is in the range from 3,51 to 4.33%.

It is known that the United States actively uses release of treasury obligations for attraction of external sources for covering the deficit in economy, thereby increasing a public debt which top limit is set at the level of 18,1 trillion dollars that exceeds 100% of country's GDP (see fig. 3).

The People's Republic of China is the second-largest holder of U.S. Treasury bonds, the first place is taken by Japan since April, 2015 with an amount of 1,22 trillion dollars. Interestingly, in today's environment of financial instability central banks seek to sell the American bonds worldwide. Leaders in sales are China, Belgium, Norway, Brazil and Israel. By the state fund of PRC, since the beginning of 2015, it have been sold American obligations for the sum of 243 billion dollars that made up 16% of the total investments of China in these security papers. In a counter trend work only India which in 2015 increased the volume of investments in American obligations by 36,6 billion dollars and Russia which investments in securities increased to 89,9 billion dollars (U.S. Department of the Treasury, 2015).

What is known about the bond market of China? This is one of the few financial markets in the world where exchange trade of Chinese debt obligations is carried out. Uniqueness of the market is reached at the expense of high extent of public administration and numerous administrative barriers on the accession to the market. In the situation where Chinese economy for many years is growing rapidly and for this reason the demand for Chinese securities is growing as well, market attractiveness for investors is decreasing as a consequence of closeness of the state system of its regulation which considerably increases investment risks.

Of all types of debt securities Chinese financial authorities prefer the issue of treasury short-term bonds. Over the last 10 years release amount of the specified obligations has grown more than by 100 times. It has to be noticed also that the government prefers to see its depositors domestic subjects, therefore, most of the emissions are nominated in the Chinese national currency. Bonds of China are attractive and profitable tool for investment. However, working with them requires greater professionalism and is more complex than trading the debt obligations of USA. For example, on Chinese market of the state bonds there is no trading system similar to American treasury direct (treasury account directly). The system, was created by the U.S. government in the 90th, is very expensive, but convenient for investors. Through it release and quoting of treasury obligations is made, private investors with its help buy and sell bonds directly from the Treasury, bypassing intermediaries.

Monetary policy of the PRC is interesting and controversial. In an effort to bring renminbi into a reserve currency that is actively used in global trade, China keeps its currency, indeed, in partially convertible status without conducting a full liberalization process of monetary circulation of the yuan and the entire financial market in general. So Beijing tries to avoid excessive inflow of speculative capital that could lead to strengthening of renminbi and creation of bubbles in the market of real estate and in the financial sector.

It is obvious that partial financial liberalization for the real competition with the USA in the field of attractiveness of the financial market is not enough. In this process the ambition to turn the country's financial system into the most open and credible, as American, is essentially important. Perhaps, in the long-term period Chinese financial authorities will manage to make it.

The prospects of joining monetary unit of the PRC in the composition of reserve currencies and actions of the Chinese regulator to achieve the goal should be considered. In these actions, first and foremost, deserves a mention the creation and successful introduction of Chinese payment system - China UnionPay, which has already taken the leading positions in the world, having overtaken the American Visa and MasterCard. At the beginning of 2015 China UnionPay cards were accepted more than in 150 countries of the world. The system entered the top five largest payment systems on quantitative presence in retail outlets and POS terminals, taking the 1st place in the world in the number of emitted cards (more than 4 billion units), the 2nd place on volume of transactions (volume outside China in 2013 reached 471,98 billion yuans) (The Nilson Report Charts & Graphs Archive, 2015).

It is necessary to pay attention to rates of internationalization of the Chinese monetary unit which has started in 2010. This year the daily amount of the international transactions in yuans is about 4 trillion dollars that was a small part of the total turnover of the global calculations (The Nilson Report Charts & Graphs Archive, 2015). However, the renminbi rapidly expanded its share. This was partly due to the fact that Chinese enterprises massively have begun to open accounts in Hong Kong banks where offshore transactions in yuans are allowed.

As a result of actions undertaken by the government, the share of cross-border deals carried out in yuans grew from scratch in 2010 to 17% in 2015. In 2011-2013 China signed a series of agreements for the mutual use of national

currencies in international payments with the BRICS countries. And by December, 2014 with the use of yuan 2.17% of global payments were held, what is more than with the use of the Canadian and Australian dollars. It is interesting that in the total volume of international payments in yuans in 2014 Europe accounted for 10% (SWIFT, 2015).

An important factor in internationalization of yuan is the following point. By the end of 2015 China plans to complete the formation of international settlement system (CIPS), which will allow to operate with renminbi in international trade as easily as dollars since this model was created just like American CHIPS (Clearing House Interbank payment System). By 2020, 28-30% of the total foreign trade turnover of Celestial Empire will go in renminbi. According to poll of Standard Chartered, 73% of corporate treasurers expect in the next decade the yuan will become the third currency for international settlements. The European Central Bank survey showed that 37% of managers are considering the possibility of including the yuan in its reserves in the next 5-10 years.

Today, nearly 50 Central banks form their state foreign exchange reserves, using renminbi in addition to traditional reserve currencies. This includes Central banks of Malaysia, South Korea, Cambodia, Belarus, Philippines, Russia, etc. Reserves in yuans were not reflected in statistics since on the methodology of the IMF the yuan was not a reserve currency (Chandler M., 2015). The yuan share in these reserves is small so far. It should also be noted that Chinese monetary unit is still partially convertible. At the same time it can be stated that de facto yuan has already become a currency traded on international markets.

Contrary to increase in demand for Chinese yuan from the Central banks, the share of dollars in world currency reserves in the considered years constantly have been decreasing, what demonstrates a lack of trust of various governments to the U.S. currency note.

The part of Chinese system financial reforms is the change in the method of calculation of the official exchange rate of yuan. Previously the National Bank established such course, choosing any point among all numerous values of intraday fluctuations of an exchange rate. The new technique provides that when forming an official rate the closing course in the interbank currency market on the previous trading day will be considered. Changes in calculation of the official rate, undoubtedly, will enhance the transparency of procedures of the exchange-rate mechanism on Chinese currency market and, as a consequence, enhance its attractiveness.

Besides, the National bank declared one more innovation in the currency market: expansion of permissible range deviations of the market rate from the official one. Now the deviation can be 2% in both parties, until March, 2014 no more than 1% was allowed (Nathan A.J., Scobell A., 2012).

The above mentioned testifies that China strengthens the role of market tools in formation of national exchange rate and processes of functioning of the currency market. In turn, this strengthening of the role of market factors should be perceived as another direction to accomplish PRC goals for the inclusion of the yuan in the basket of global reserve currencies.

From this point of view, China's actions to regulate the exchange rate of the US dollar in relation to yuan in a retrospective have to be analyzed. It is known that one of the conditions for achieving the surplus of the trade balance and the competitiveness of Chinese products in the external market was underestimation of the yuan against the dollar (fig. 2). The figure shows that over 10 years, since 1995, US dollar exchange rate against yuan, practically without changing, weakly fluctuated around the value of 8.3 yuan per 1 dollar.

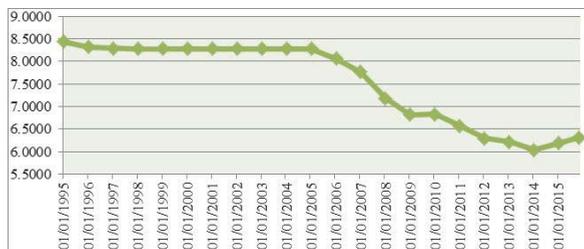


Fig. 2: Dynamics of dollar exchange rate against yuan

Source: Developed by the author according to <http://www.investing.com/>

The considerable enhancement of the Chinese currency – for 8,71% - has occurred before financial crisis in 2007. Dollar exchange rate against yuan fell from 8,50 to 7,77. Strengthening of money always attracts the foreign capital, what was observed in China. However, the same process of intensification of national monetary unit contributes little to economic growth and the Chinese economy showed a slowdown. It should be highlighted that deceleration of surprisingly long and

high growth rates of the Chinese economy correlates with strengthening of the Chinese yuan. The trend towards reinforcement of the yuan beginning in 2006-2007 lasted with minor fluctuations until January, 2014. For these years the Chinese currency amplified on 29,42%, to 6,00 yuans for 1 dollar. Figure 2 testifies it. During these years China also has faced sharp decrease in export owing to the reduction of procurement from its leading trade partners – the EU, the USA and Japan. Numerous problems have also emerged in the market of real estate.

The economic slowdown, triggered among others by the strengthening of the yuan against the main currency of the world, with anxiety is perceived in the Chinese government. According to the PRC State Council Premier Wen Jiabao, the increase in the exchange rate of the yuan by 20% could lead to significant job losses and cause social instability: "We can't even imagine, how great will be the number of bankruptcies among Chinese factories, how many people will lose their jobs and how many people return from cities to villages if China succumb to the demands for a revaluation of the yuan by 20-40%. China may become a serious social upheaval" (U.S. Bureau of Economic Analysis, 2010).

Understanding of the interdependence of development opportunities of economy on yuan exchange rate in relation to dollar led to the devaluation of yuan by 5,5% in January, 2014. Figure 2 testifies the growth of exchange rate from 6,00 yuans per 1 dollar to 6,33. In addition to policy of weakening the value of national money National Bank of China lowered the standard of obligatory reservation for commercial banks from 20 to 18,5% and reduced interest rates for the credits and deposits in the spring of 2015.

Actions taken by the Chinese regulator at the monetary policy easing came as a surprise not only for regional investors, but also for the world community in general, including the U.S. According to American financiers, the market situation should contribute to rise in price of yuan, and, respectively, benefit the American exporters. The sudden decision of the PRC forced dollar to grow what caused sharp increase in prices for the American goods and lower prices on imports what, in turn, always leads to decrease of the inflation rate which is 0,2% in the United States today. The indicator in 0,2% on inflation is undesirable for the American economy, it indicates low growth rate. It is no coincidence that the purpose of the Federal Reserve System (FRS) is the increase of inflation to 1,8% in 2017. In this regard devaluation of yuan is perceived extremely negatively in the United States.

However, it has to be noticed that weakening of own monetary unit in the interest of national economy is not "invention" of the Chinese National Bank. During the period from 2008 to 2013 the U.S. Federal Reserve System actively pursued policy of "quantitative easing" (QE). Within this policy three special QE programs were realized. The first QE1 program was launched immediately upon the occurrence of the crisis of 2008 (November). In compliance with it the money supply of the country was increased by 600 billion dollars. According to only three QE programs the volume of money, which was received by the American economy, was 2,39 trillion dollars. Should also mention about the decrease in a rate of refinancing of FRS during the specified period to 0,25% (Feldstein M., 2015).

The increase in money supply of the country (quantitative easing) and decrease in a rate of the Central bank are classical tools of a monetary policy, the use of which is just aimed at making money less expensive, and, through it, stimulate economy. The monetary regulator of the USA still has not decided to raise the refinancing rate, being afraid that the economy would not sustain expensive money.

Has to be briefly mentioned that many export-oriented countries of Southeast Asia were resorted to depreciation of the money at different times: Thailand, Singapore, Malaysia, Vietnam, South Korea, etc. In 2015 European Central bank announced the start of its own version of quantitative easing as a result of which euro fell in price and came closer to parity with the U.S. dollar.

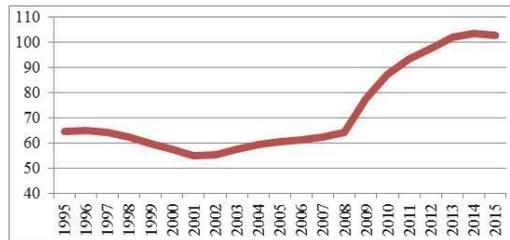
Attention should be drawn to the following. Realization of the goal set by the Chinese government on inclusion of yuan in the basket of world reserve currencies, undoubtedly, a concern of the United States. Since the affirmation of the importance of the yuan in the global market entails the emergence of real alternative to dollar that is quite capable to undermine bases of long-term American domination. More than 60% of global reserves of the Central banks are formed in U.S. dollars and emergence of another reserve currency can lead to reduction of this share.

High demand for dollar-denominated assets, caused by advantages of being the main reserve currency, allows the American government and the companies, registered in the USA, to attract loan resources on lower interest rates what means relative ease of financing deficits and activities of corporations. The same status provides the United States the role of the global regulator of many political and humanitarian processes. For example, the numerous sanctions imposed by this country against certain states, organizations, legal entities and individuals have noticeable effect only because payments by subjects of sanctions policy are made in the American currency.

Domination of the U.S. dollars in system of world economic communications as economic factor, in value terms is estimated differently. Thus, according to data of the research center McKinsey Global Institute, in the total GDP of this country the designated factor is 0,3 to 0,5% or about 100 billion dollars annually (Dobbs R., Skilling D., 2010).

Within the last decade the world is watching the process of gradual weakening of the dollar position in global

monetary system. In the heart of the process lie not only economic problems inside the United States – immensity of the budgetary and trade deficiencies, increase in a public debt (see fig. 3), but also the creeping, steady dedollarization of world economy, in general, reflecting changes in geopolitics and system of international relations. The considerable contribution to gradual refusal of US dollars is made, of course, by the People's Republic of China. Here, reached value of GDP comparable to U.S. GDP, also the diversification of the state gold and foreign exchange reserves and systems of calculations for the external economic transactions, which is carried out by the Chinese monetary regulator, matters. For this purpose China uses a basket of currencies that includes not only freely convertible currency, but also monetary units with limited convertibility (Korean won, Australian dollar, etc.).



**Fig. 3:** U.S. public debt, % of annual GDP

**Source:** Developed by the author according to Federal Reserve Bank of St. Louis, US

In assessing the prospects of the U.S. dollar as leading world currency it is expedient to consider interaction of negative and positive factors. Negative factors may include:

- the noticeable tendency on decrease in a share of dollar in world currency reserves from 71% in 1999 to 63% in 2014 (The World Bank, 2015);
- the decrease in the share of the USA in world GDP from 23,2% in 2000 to 16,5% in 2013 (The World Bank, 2015);
- the chronic federal budget deficit and constantly increasing public debt (see fig. 3);
- the deficit in current account of balance of payments (see fig. 1).

However, along with listed negative factors, the status of US dollars as world currency is defined also by other significant factors. Among them may be mentioned:

- the preservation of the considerable, though decreasing, economic potential (16,5% of world GDP as it is stated above);
- the possession of the world's largest stock of the state gold reserves – 8,1 thousand tons (for comparison, the Chinese reserve of gold is 1,05 thousand tons) (World Gold Council, 2015);
- the direct interest of most countries, having huge dollar reserves and portfolios of government debt obligations of the USA (state and private), in support of dollars in order to avoid risk of currency losses;
- the leading positions at fundamental institutes of a world financial system – the International Monetary Fund and the World bank, secured with a control share in the SDR currency basket.

The above mentioned testifies that the leadership of American money as leading currency of the world, in all likelihood, will persist for indefinitely long time. In this regard the Chinese government, undoubtedly, will focus attention not on competitive contradictions, but on complementarity of own economy with the economy of the United States, considering that space for trade and economic cooperation of two countries is vast, and opportunities are numerous.

### 3. Conclusion

Difference in political systems and economic approaches between the United States and the People's Republic of China, rejection of the USA international status by China and aspiration of both countries to strengthen the influence in Asia-Pacific, indicates existence of conflict potential in the U.S.-Sino relations. But opposition of the USA and China is specific: it is not of an open nature, nor takes the form of "cold war". Thus, processes of globalization and amplification of interdependence of the states make cooperation of the USA and China inevitable on a wide range of issues. Therefore, in the conditions of close interaction of national economies, China and the USA have to look for possible ways of cooperation. Productive is cooperation, not rivalry.

In conclusion of examination of the causes and methods of competition between the United States and the People's Republic of China, should the Chinese diplomat Li Shentszyao be quoted: "The economic relations between China and the USA — it is not game with the zero sum, they are characterized by mutual benefit and a mutual win" (Nathan A.J., Scobell A., 2012). Li Shentszyao emphasized that prosperity of China would not cause damage to the American interests. Similarly, the financial institutions and trade arrangements created in the Asia-Pacific region are not aimed at replacement of the available mechanisms and projects of regional cooperation, such as TPP. They are not tools of competition, but the useful addition to the operating international economic order and ways of improvement of system of global economic governance.

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