



COMPARATIVE ECONOMICS

Fall - Winter Semester 2018/19

Economic, Political and Military Blocs

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Types of economic blocs...



Preferential trading clubs: specific agreement between different countries (tariffs)

Free trade areas: free trade within the area but separate national trade policies with outsiders (tariffs, quota...)

Custom Union: free trade within the area and same trade policies with outsiders (FTA + external trade policies)

Common market: agreement on circulation of production factors (labour) **Economic Union:** common economic policies (e.g. fiscal, monetary, welfare...)

shared by member countries

... and types of economic blocks:

Denial of trading opportunities used as a political/economic weapon

Sanctions: restriction of some sort (textile...) **Embargoes and boycotts:** complete ban on trade

Argument for membership



Politics and policy making:

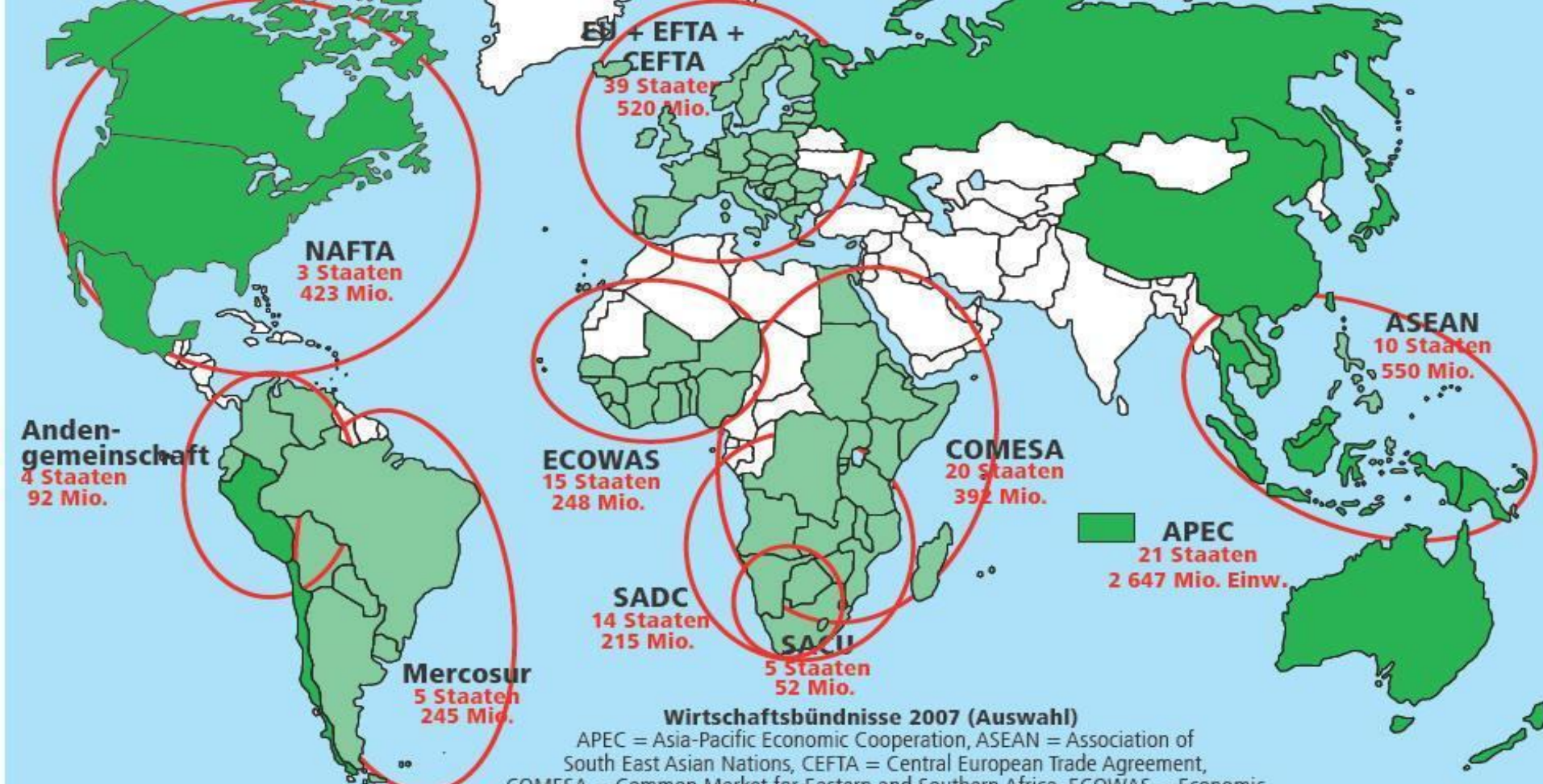
- Security: increasing intra/extra regional security (see: ECOWAS)
- Bargaining power: from unity comes strength (see: OPEC)
- Project cooperation (infrastructures...)
- “Lock-in” effect: membership trig a commitment mechanism for reforms, improvements... (see: MERCOSUR and EU)

Economic costs and benefits:

- Scale and competition effect: trade barriers removal is like a market enlargement that leads to cutting price, economies of scale, reductions in internal inefficiencies
- FDI growth
- Trade and location effect: demand switches toward more competitive countries and push producers to choose model of production, level of efficiency

Policy choices:

- With whom (low or high income countries/larger regional group)?
- Relation with the outsiders?
- Deepness of integration?



Wirtschaftsbündnisse 2007 (Auswahl)

APEC = Asia-Pacific Economic Cooperation, ASEAN = Association of South East Asian Nations, CEFTA = Central European Trade Agreement, COMESA = Common Market for Eastern and Southern Africa, ECOWAS = Economic Community of West African States, EFTA = European Free Trade Association, EU = Europäische Union, Mercosur = Mercado Comun del Sur, NAFTA = North American Free Trade Agreement, SACU = Southern African Customs Union, SADC = Southern African Development Community

Industrial and developing economies

European Union (EU): formerly European Economic Community (EEC) and European Community, 1957: Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands; 1973: Denmark, Ireland, United Kingdom; 1981: Greece; 1986: Portugal, Spain; 1995: Austria, Finland, Sweden.

European Economic Area: 1994: EU, Iceland, Liechtenstein, Norway.

Euro-Mediterranean Economic Area (Euro-Maghreb): Bilateral agreements, 1995: EU and Tunisia; 1996: EU and Morocco.

EU bilateral agreements with Eastern Europe: 1994: EC and Hungary, Poland; 1995: European Community and Bulgaria, Romania, Estonia, Latvia, Lithuania, Czech Republic, Slovak Republic, Slovenia.

Canada-U.S. Free Trade Area: 1988: Canada, United States.

North American Free Trade Area (NAFTA): 1994: Canada, Mexico, United States.

Asia Pacific Economic Cooperation (APEC): 1989: Australia, Brunei Darussalam, Canada, Indonesia, Japan, Malaysia, New Zealand, Philippines, the Republic of Korea, Singapore, Thailand, United States; 1991: China, Hong Kong (China), Taiwan (China); 1993: Mexico, Papua New Guinea; 1994: Chile; 1998: Peru, Russia, Vietnam.

Latin America and the Caribbean

Andean Pact: 1969: revived in 1991, Bolivia, Colombia, Ecuador, Peru, Venezuela.

Central American Common Market (CACM): 1960: revived in 1993, El Salvador, Guatemala, Honduras, Nicaragua; *1962:* Costa Rica.

Southern Cone Common Market (Mercado Común del Sur—MERCOSUR): 1991: Argentina, Brazil, Paraguay, Uruguay.

Group of Three: 1995: Colombia, Mexico, Venezuela.

Latin American Integration Association (LATA): formerly Latin American Free Trade Area, *1960:* revived 1980, Mexico, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela.

Caribbean Community and Common Market (CARICOM): 1973: Antigua and Barbuda, Barbados, Jamaica, St. Kitts and Nevis, Trinidad and Tobago; *1974:* Belize, Dominica, Grenada, Montserrat, St. Lucia, St. Vincent and the Grenadines; *1983:* The Bahamas (part of the Caribbean Community but not of the Common Market).

Cross-Border Initiative: 1992: Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

East African Cooperation: 1967: formerly East African Community, broke up in 1977 and recently revived, Kenya, Tanzania, Uganda.

Economic and Monetary Community of Central Africa: 1994: formerly Union Douanière et Economique de l'Afrique Centrale, 1966: Cameroon, Central African Republic, Chad, Congo, Gabon; 1989: Equatorial Guinea.

Economic Community of West African States (ECOWAS): 1975: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.

Common Market for Eastern and Southern Africa: 1993: Angola, Burundi, Comoros, Djibouti, Egypt, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

Indian Ocean Commission: 1984: Comoros, Madagascar, Mauritius, Seychelles.

Southern African Development Community (SADC): 1980: formerly known as the Southern African Development Co-ordination Conference, Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, Zimbabwe; 1990: Namibia; 1994: South Africa; 1995: Mauritius; 1998: Democratic Republic of the Congo, Seychelles.

Economic Community of West Africa: 1973: revived in 1994 as West African Economic and Monetary Unit, Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger, Senegal.

West African Economic and Monetary Union: 1994: Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, Togo, 1997: Guinea-Bissau.

Southern African Customs Union (SACU): 1910: Botswana, Lesotho, Namibia, South Africa, Swaziland.

Economic Community of the Countries of the Great Lakes: 1976: Burundi, Rwanda, Democratic Republic of the Congo.

Sub Saharan Africa

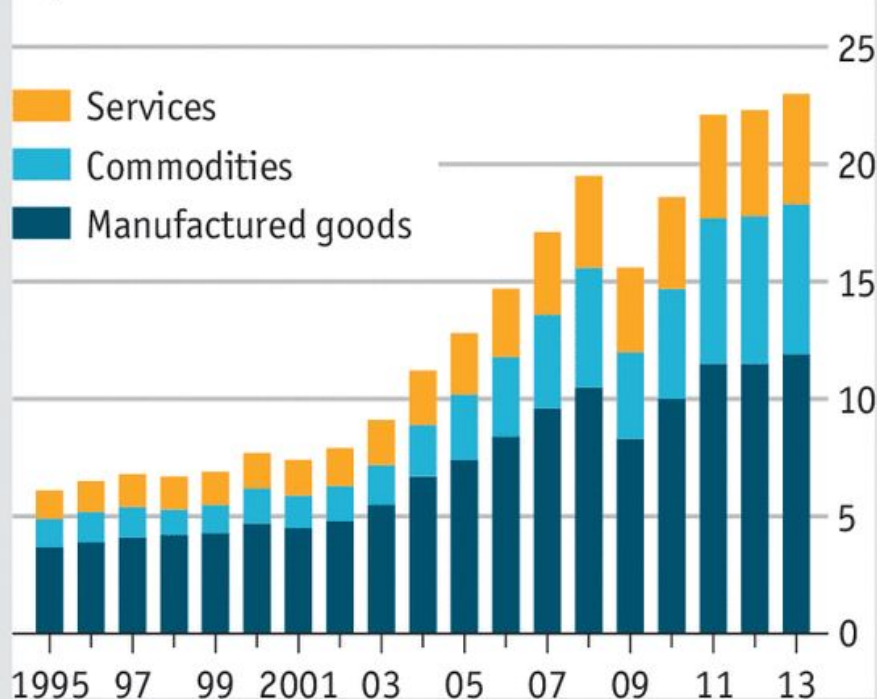
Association of Southeast Asian Nations (ASEAN): 1967: ASEAN Free Trade Area was created in 1992, Indonesia, Malaysia, Philippines, Singapore, Thailand; 1984: Brunei Darussalam; 1995: Vietnam; 1997: Myanmar, Lao People's Democratic Republic; 1999: Cambodia.

Gulf Cooperation Council (GCC): 1981: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates.

South Asian Association for Regional Cooperation: 1985: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

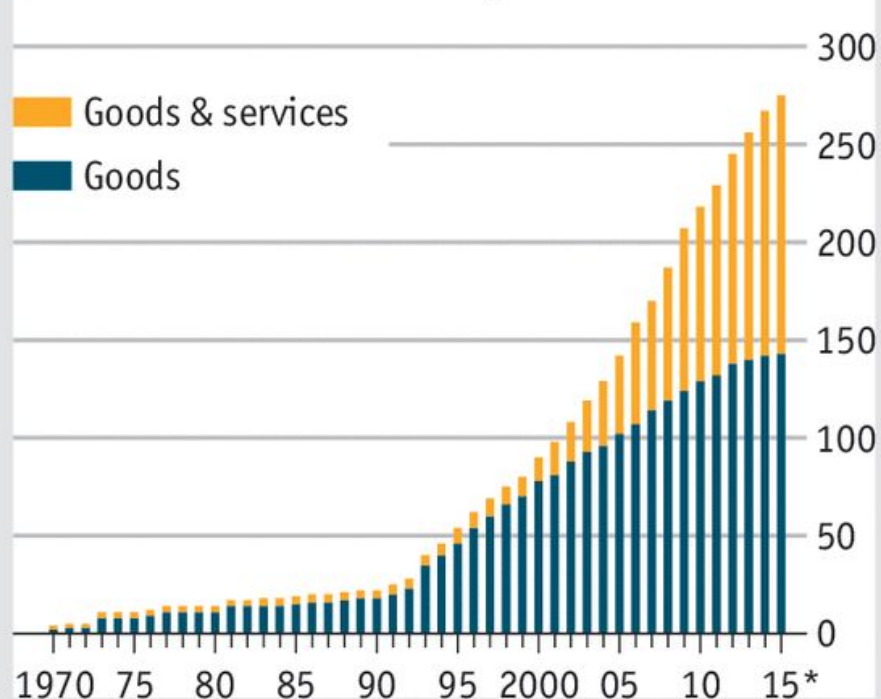
Global exports and trade agreements

Exports, \$trn



Sources: UNCTAD; WTO

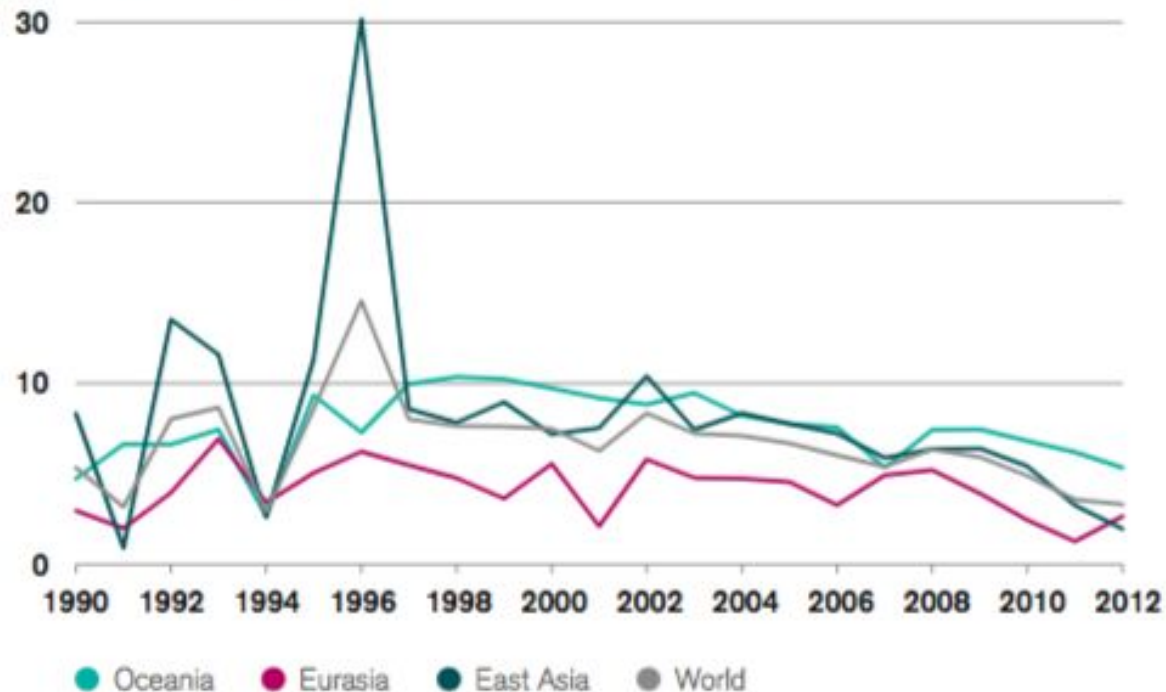
Cumulative number of trade agreements



*To October 5th

Tariff barriers to world trade

MFN tariff rate (weighted average), percent



Source: WTO, Credit Suisse

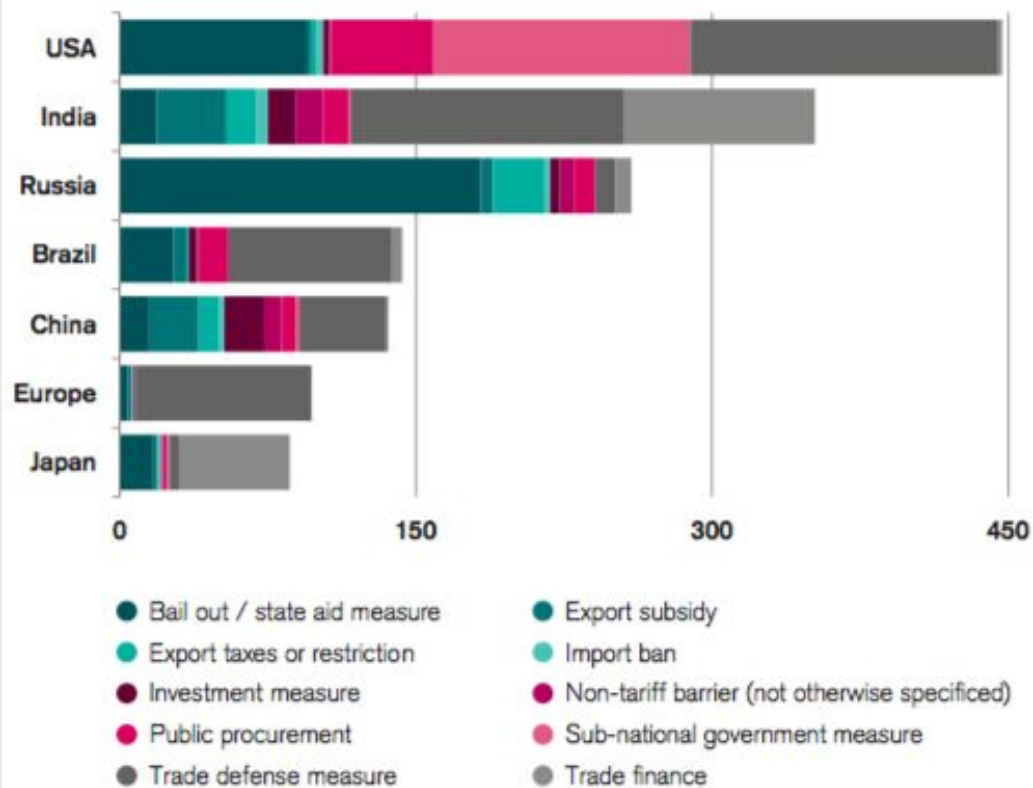
Trade openness

As percent of GDP



Source: Datastream, World Bank, Credit Suisse

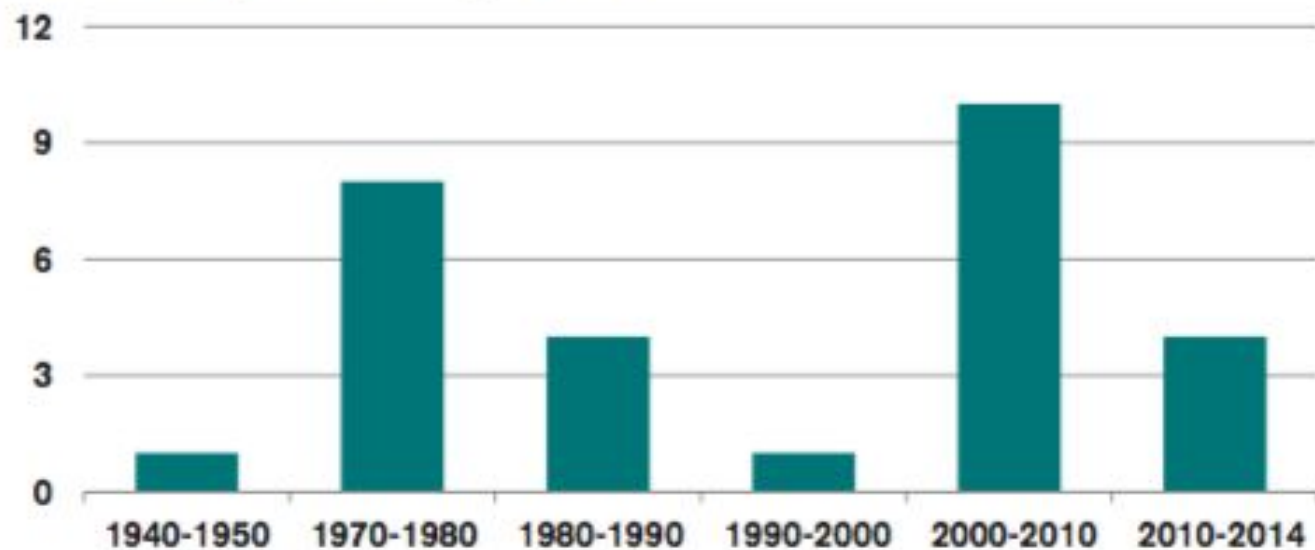
The USA imposes the highest number of protectionist measures



Source: Global Trade Alert, Credit Suisse

Preferential trade agreements find favor

Number of PTAs, by date of initial entry into force



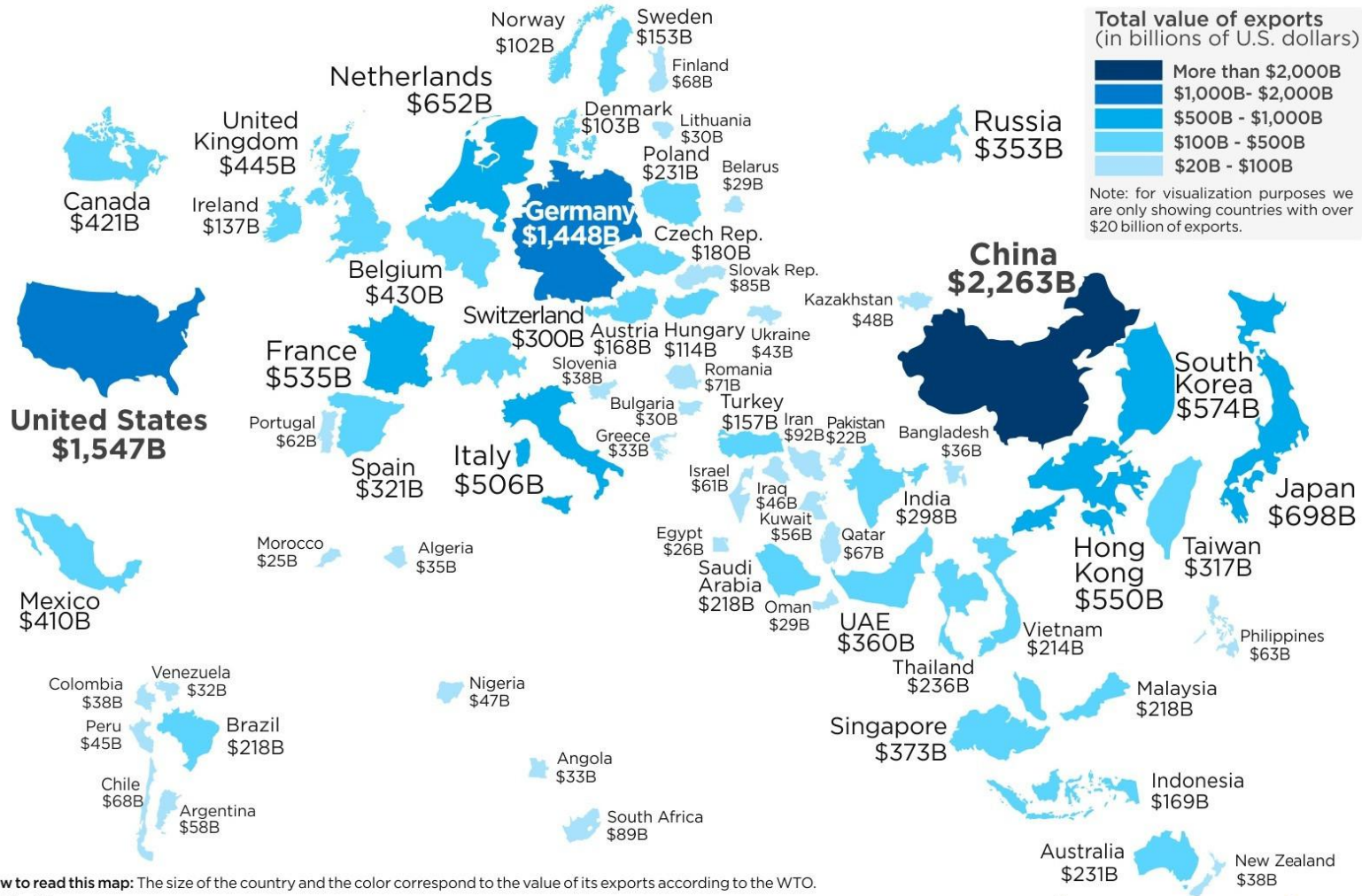
Source: WTO, Credit Suisse

Rank	Country	Exports (2017)
#1	China	\$2,263B
#2	United States	\$1,547B
#3	Germany	\$1,448B
#4	Japan	\$698B
#5	Netherlands	\$652B
#6	South Korea	\$574B
#7	Hong Kong	\$550B
#8	France	\$535B
#9	Italy	\$506B
#10	United Kingdom	\$445B

Total value of exports
(in billions of U.S. dollars)



Note: for visualization purposes we are only showing countries with over \$20 billion of exports.



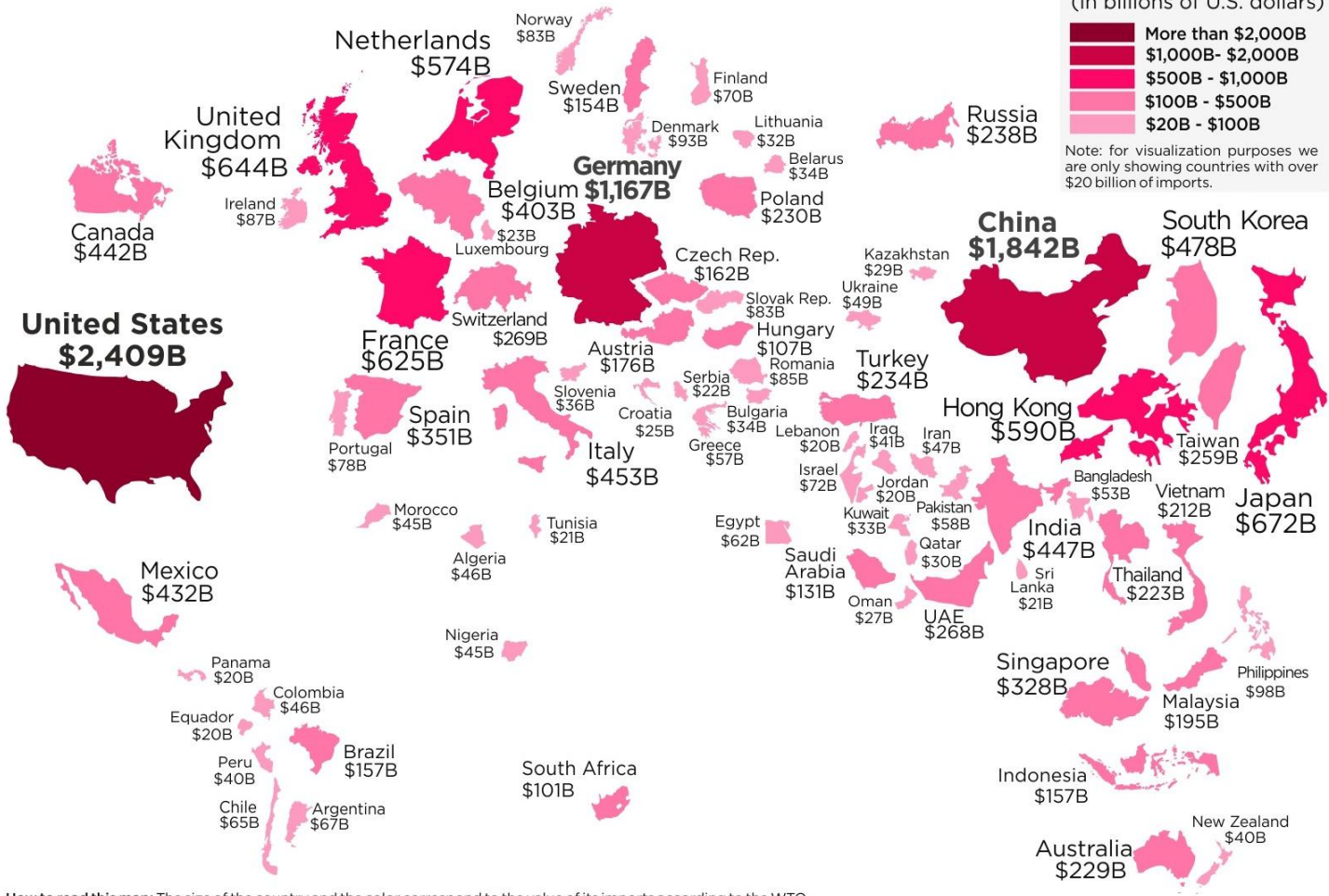
How to read this map: The size of the country and the color correspond to the value of its exports according to the WTO.

Article & Sources:
<https://howmuch.net/articles/largest-exporting-countries-2017>
<https://www.wto.org>

Total value of imports
(in billions of U.S. dollars)



Note: for visualization purposes we are only showing countries with over \$20 billion of imports.



How to read this map: The size of the country and the color correspond to the value of its imports according to the WTO.

Article & Sources:

<https://howmuch.net/articles/largest-importing-countries-2017>

<https://www.wto.org>

Every Country's **BIGGEST EXPORTS**



Here are the countries that are most dependent on oil to fuel economic growth. (Value of crude production less costs, as a share of GDP) (SOURCE: WORLD BANK)

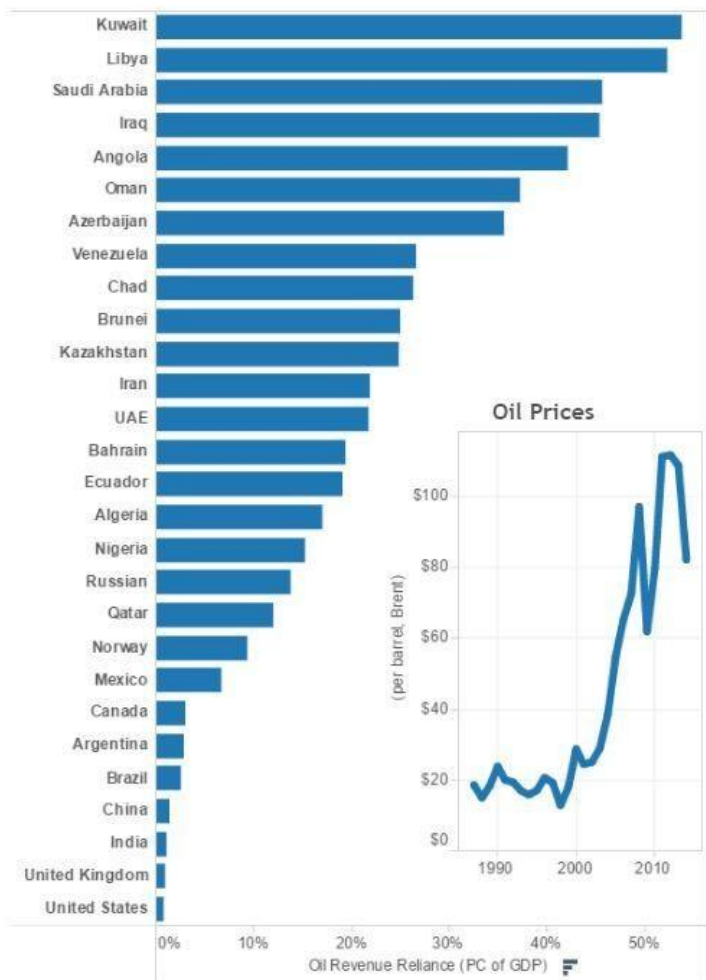
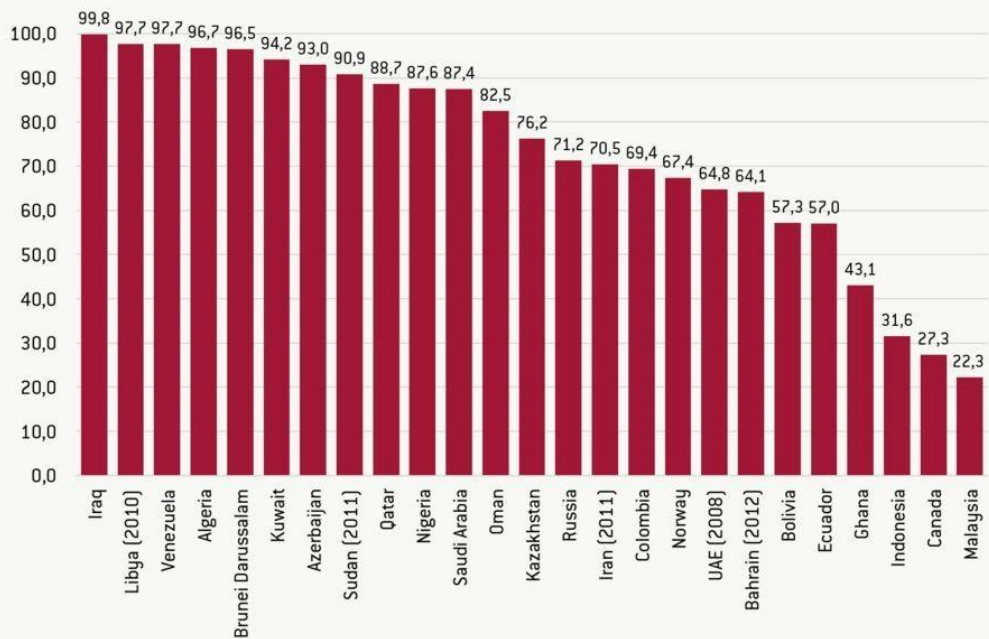


Figure 2: Fuel exports as percentage of merchandise exports, 2013 unless otherwise indicated



Top 18 Imports and Exports Around the World and the Countries That Move Them the Most

Top Exporter value (2016)



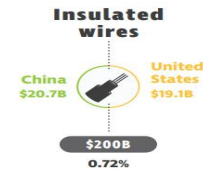
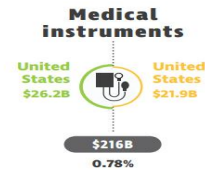
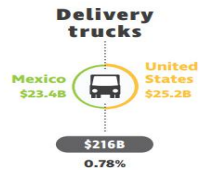
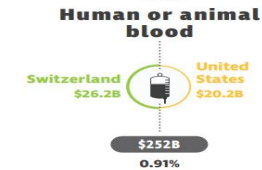
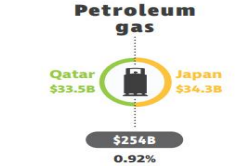
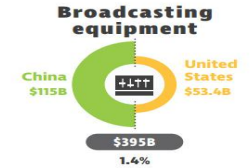
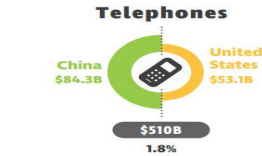
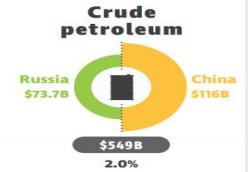
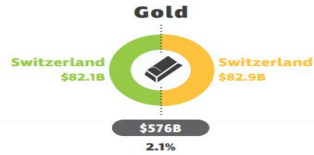
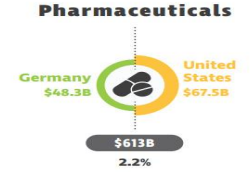
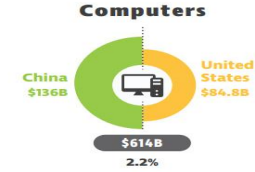
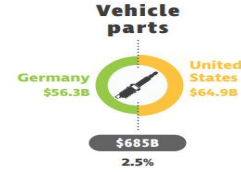
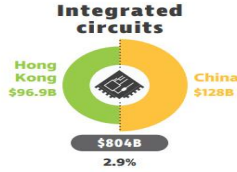
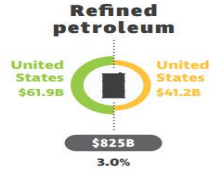
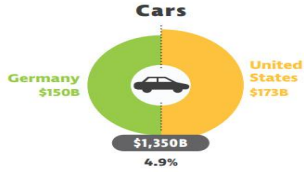
Top Importer value (2016)

total value (2016)
% of total exports

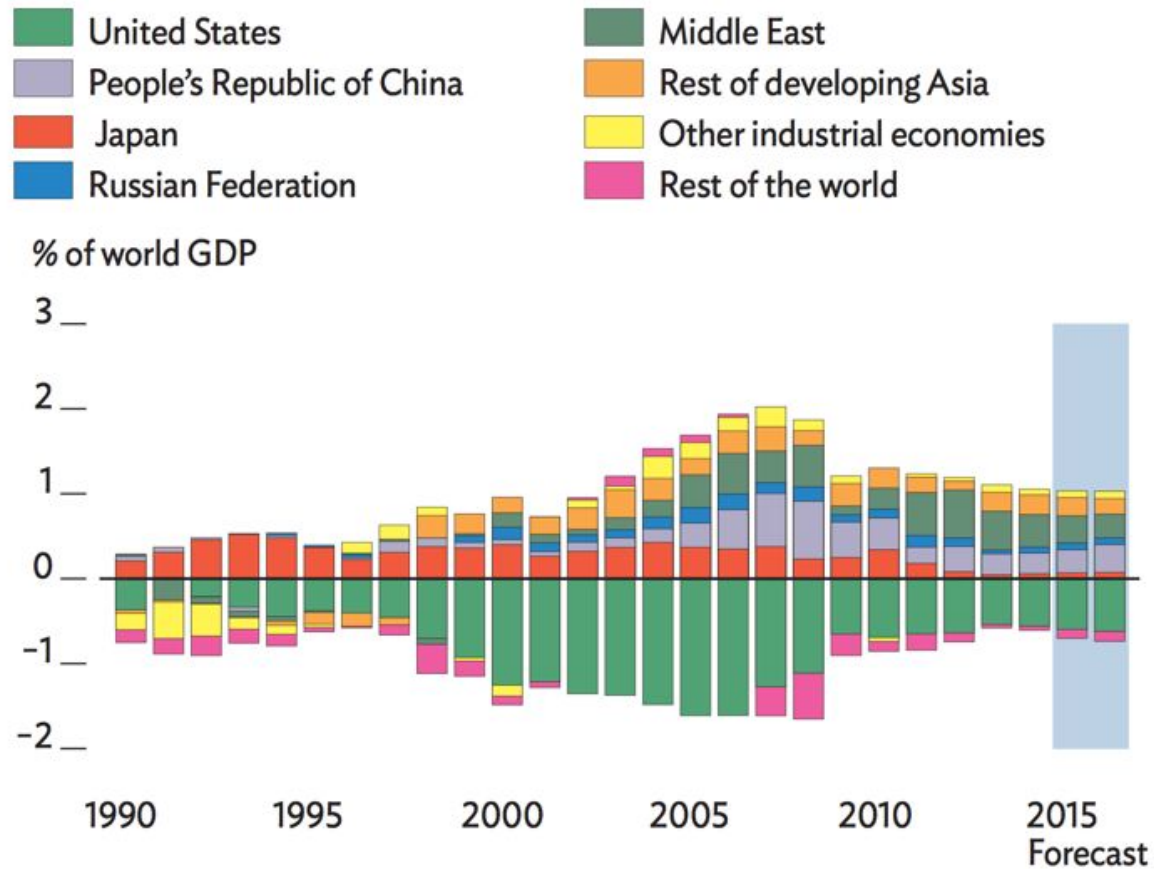
\$XXX

%

TELETRAC NAVMAN



1.1.18 World current account balance



Sources: International Monetary Fund. 2015. World Economic Outlook Database.

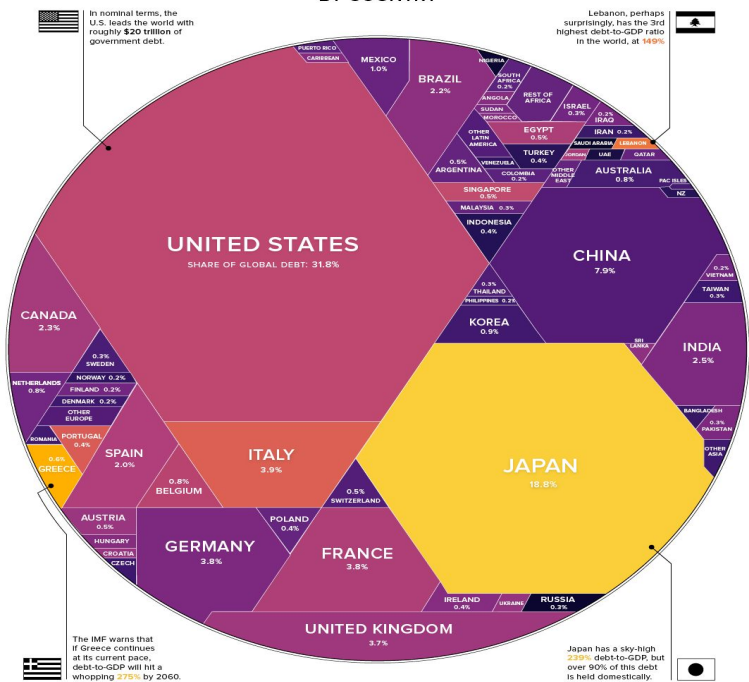
UNITED NATIONS OF DEBT

HOW MUCH GOVERNMENT DEBT EXISTS?

According to most recent estimates by the IMF, governments have accumulated \$63 trillion in total - and the U.S. makes up almost a third of that amount.

Percentage of World Debt

BY COUNTRY



Debt as a Percentage of GDP



Rank	Countries	Debt (\$B)	% of Global Debt	Debt-to-GDP
#1	United States	\$19,947	31.8%	107.1%
#2	Japan	\$11,813	18.8%	239.3%
#3	China	\$4,976	7.9%	44.3%
#4	Italy	\$2,454	3.9%	132.6%
#5	France	\$2,375	3.8%	96.3%

Since 2003, global debt has soared. As a share of the world economy (gross domestic product), the increase went from 248 percent of GDP to 318 percent.

Rank	Country	Debt (\$B)	% of Global Debt	Debt-to-GDP
#1	Japan	\$11,813	18.8%	239.3%
#2	Greece	\$353	0.6%	181.6%
#3	Lebanon	\$75	0.1%	148.7%
#4	Italy	\$2,454	3.9%	132.6%
#5	Portugal	\$267	0.4%	130.3%

Military Blocs



Non Aggression Pact

A non-aggression pact or neutrality pact is a national treaty between two or more states/countries where the signatories promise not to engage in military action against each other.

Possible motivations for such acts by one or more of the pacts' signatories include a desire to take, or expand, control of, economic resources, militarily important locations.

Such pacts were a popular form of international agreement in the 1920s and 1930s, but have largely fallen out of use after the Second World War.

- Treaty of London (1518)
- Soviet–Lithuanian Non-Aggression Pact (September 28, 1926)
- Greek–Romanian Non-Aggression and Arbitration Pact (March 21, 1928)
- Soviet–Afghan Non-Aggression Pact (June 24, 1931)
- Soviet–Finnish Non-Aggression Pact (January 21, 1932)
- Soviet–Latvian Non-Aggression Pact (February 5, 1932)
- Soviet–Estonian Non-Aggression Pact (May 4, 1932)
- Soviet–Polish Non-Aggression Pact (July 25, 1932)[7]
- Soviet–Italian Non-Aggression Pact (September 2, 1933)
- Romanian–Turkish Non-Aggression Pact (October 17, 1933)
- Turkish–Yugoslav Non-Aggression Pact (November 27, 1933)
- German–Polish Non-Aggression Pact (January 26, 1934)
- Franco-Soviet Treaty of Mutual Assistance (May 2, 1935)
- Treaty of Saadabad (June 25, 1938)
- Hungarian–Little Entente agreement (August 22, 1938)
- German–British Non-Aggression Pact (September 30, 1938)
- German–Danish Non-Aggression Pact (May 31, 1939)
- German–Estonian Non-Aggression Pact (June 7, 1939)
- German–Latvian Non-Aggression Pact (June 7, 1939)
- German–Soviet Non-Aggression Pact ("Molotov–Ribbentrop Pact") (1939)
- British–Thai Non-Aggression Pact (June 12, 1940)
- Hungarian–Yugoslav Non-Aggression Pact (December 12, 1940)
- Soviet–Yugoslav Non-Aggression Pact (April 6, 1941)
- Soviet–Japanese Neutrality Pact (April 13, 1941)
- German–Turkish Non-Aggression Pact (June 18, 1941)

Military Blocs

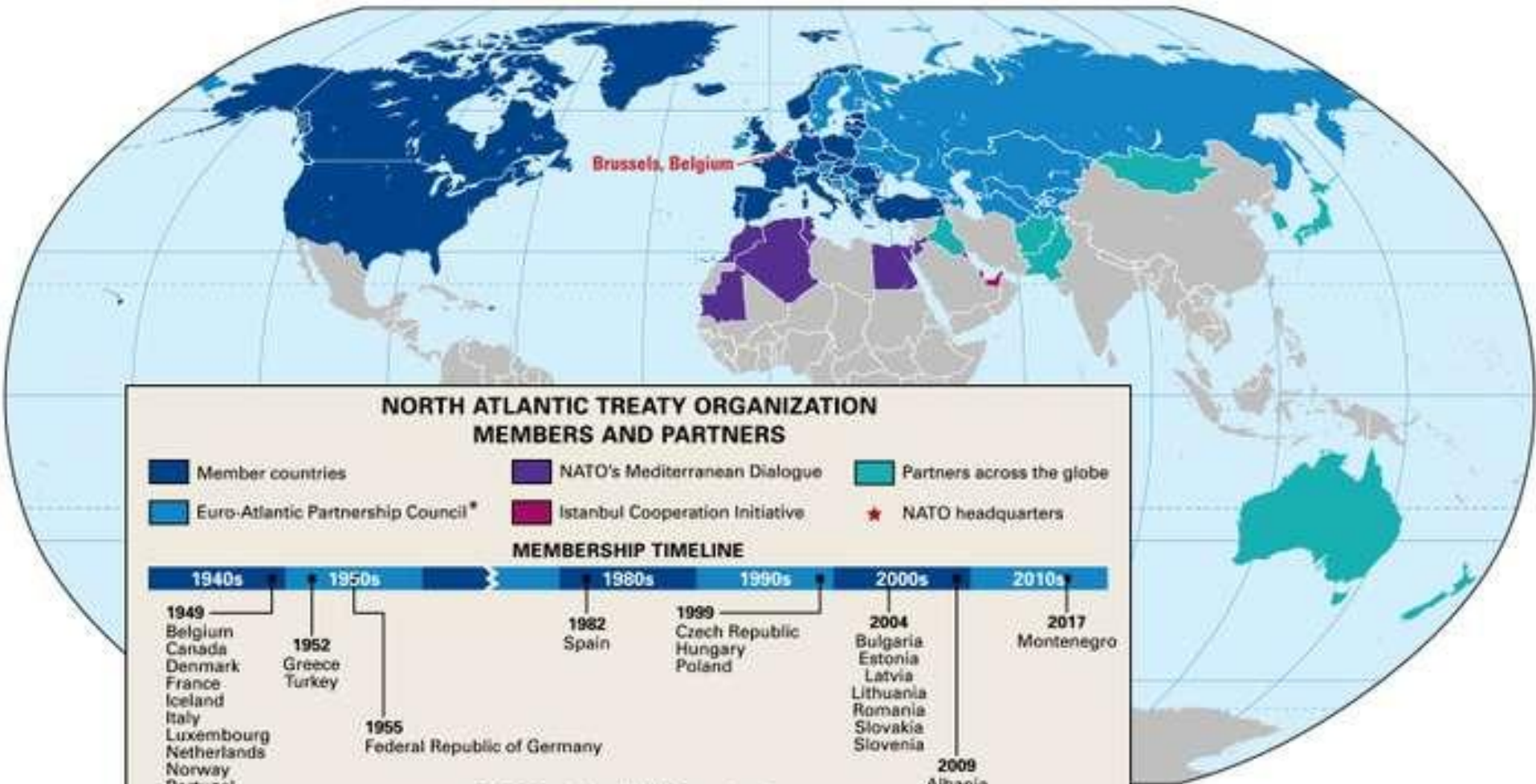


Defense Pact / Military Alliance

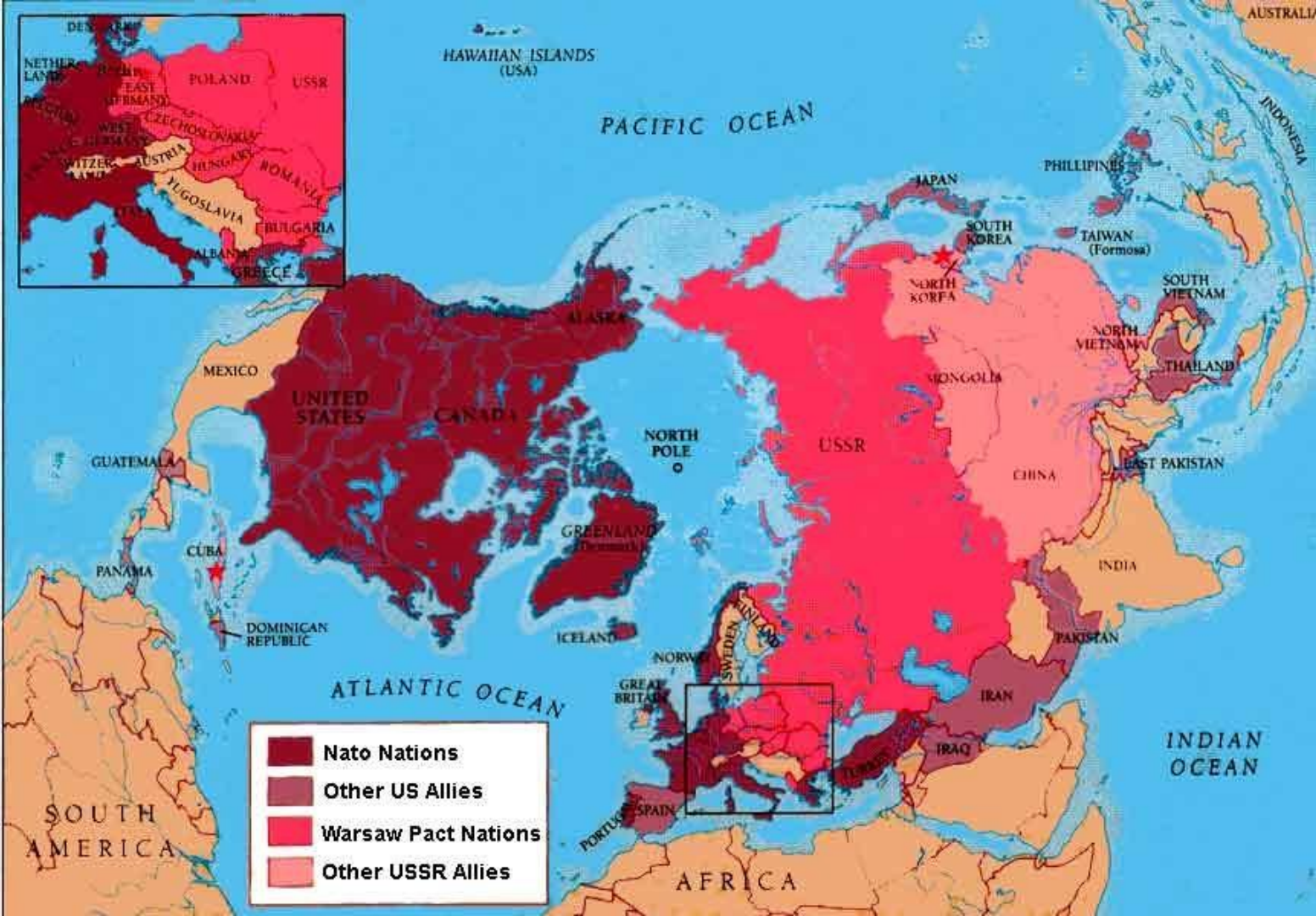
A Defense pact is a type of treaty or military alliance where the signatories promise to support each other militarily, to defend each other.

In general the signatories point out the threats in the treaty and concretely prepare to respond to it together

- TIAR - Inter-American Treaty of Reciprocal Assistance, commonly known as the Rio Pact (1947)
- NORTH ATLANTIC TREATY (1949)
- WARSAW PACT - (1955 - 1991)
- CSTO - Collective Security Treaty Organization (1992)
- ANZUS is a joint military alliance between the United States, Australia and New Zealand.
- ZPCAS - South Atlantic Peace and Cooperation Zone (1986)
- IMCTC - Islamic Military Counter Terrorism Coalition, a 41 -member alliance (2015)



* EAPC includes all NATO members in addition to these partner countries.



- Nato Nations**
- Other US Allies**
- Warsaw Pact Nations**
- Other USSR Allies**

**NATO
VS
WARSAW
PACT
(1955 - 1991)**







Collective Security Treaty Organization - 1992



Commander-in-chief
Almazbek Atambayev
(Kyrgyzstan)

Secretary General
Nikolai Bordyuzha
(Russia)

CSTO Rapid Reaction Force. ~25,000

-  **Russia**
 - 98th Guards airborne division
 - 31st Guards air assault brigade
-  **Kazakhstan**
 - 37th air assault brigade
 - Marine forces battalion;
-  **Belarus**
 - Spetsnaz brigade;
-  **Armenia**
 - Infantry battalion;
-  **Kyrgyzstan**
 - Infantry battalion;
-  **Tajikistan**
 - Infantry battalion.

ZPCAS / ZOPACAS - South Atlantic Peace and Cooperation Zone

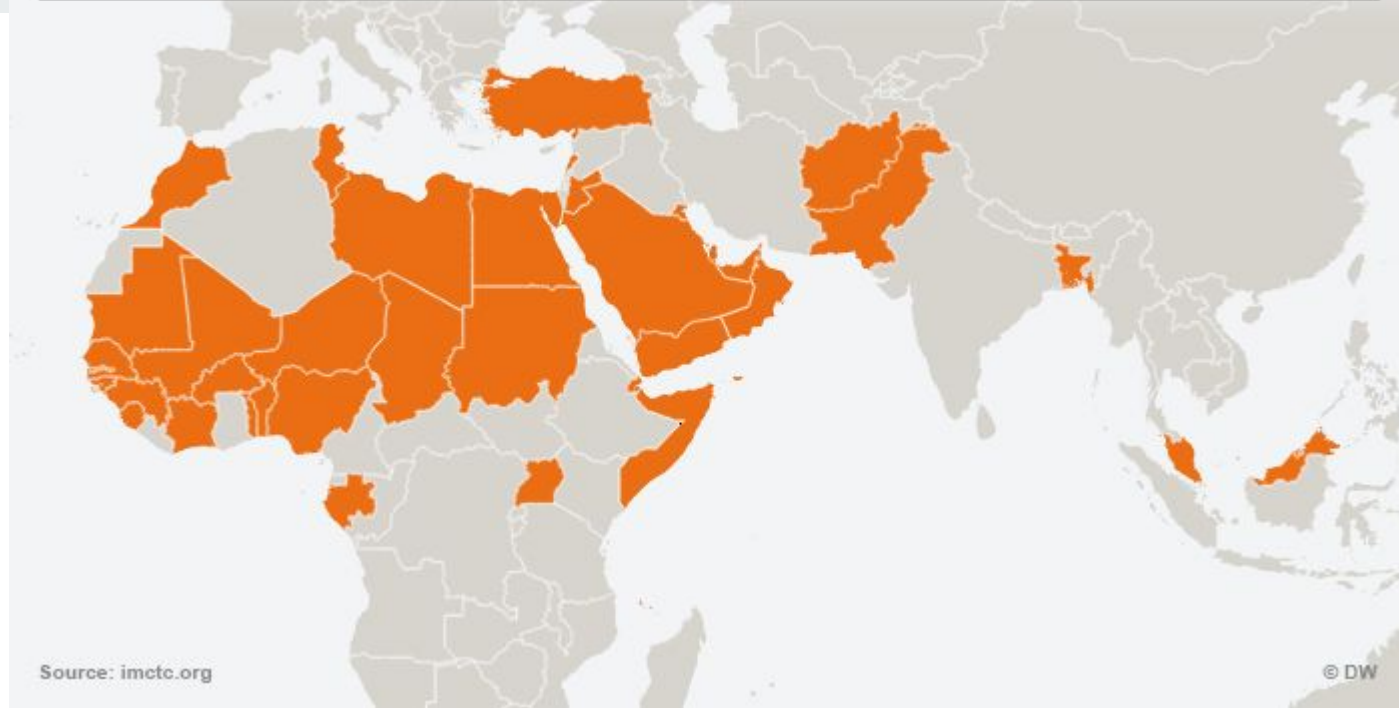


The South Atlantic Peace and Cooperation Zone is an organization and a military alliance created in 1986 through resolution A/RES/41/11 of the U.N. general assembly on Brazil's initiative, with the aim of promoting cooperation and the maintenance of peace and security in the South Atlantic region. Particular attention was dedicated to the question of preventing the geographical proliferation of nuclear weapons and of reducing and eventually eliminating the military presence of countries from other regions.

The U.N. General Assembly endorsed the initiative, albeit with opposition from the United States, United Kingdom and France.

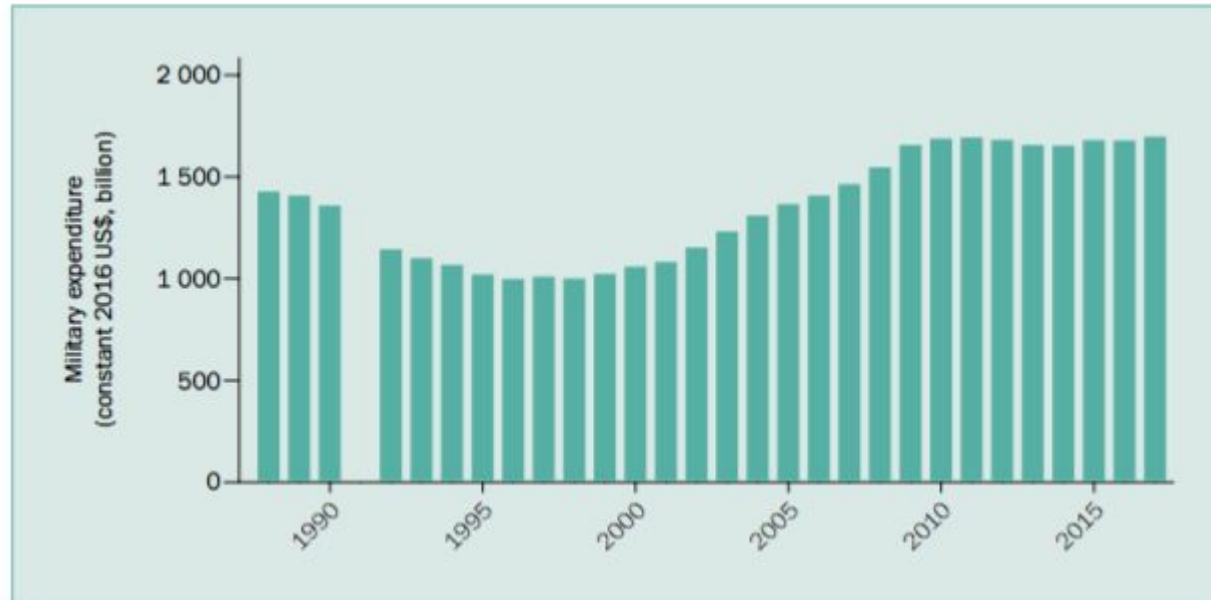


Islamic military counter-terrorism coalition - Member states



The Islamic Military Counter Terrorism Coalition (IMCTC) and also formerly referred to as the Islamic Military Alliance to Fight Terrorism (IMAFT), is an intergovernmental counter-terrorist alliance of countries in the Muslim world, united around military intervention against ISIS and other counter-terrorist activities. Its creation was first announced by Saudi Arabian defence minister Mohammad bin Salman Al Saud, on 15 December 2015. The alliance was to have a joint operations center in Riyadh, Saudi Arabia.

World military expenditure, 1988–2017



SIPRI Military Expenditure Database , 2018

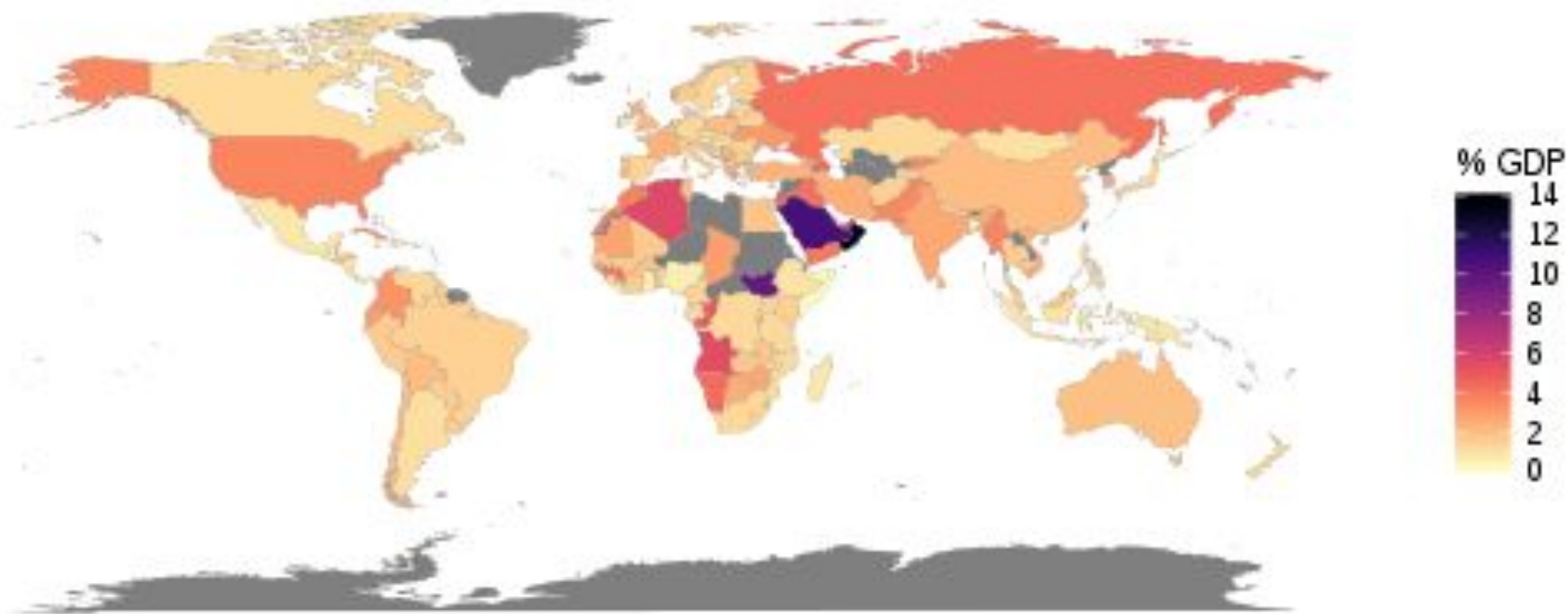
The 15 states with the highest military expenditure in 2017

SIPRI Military Expenditure Database , 2018

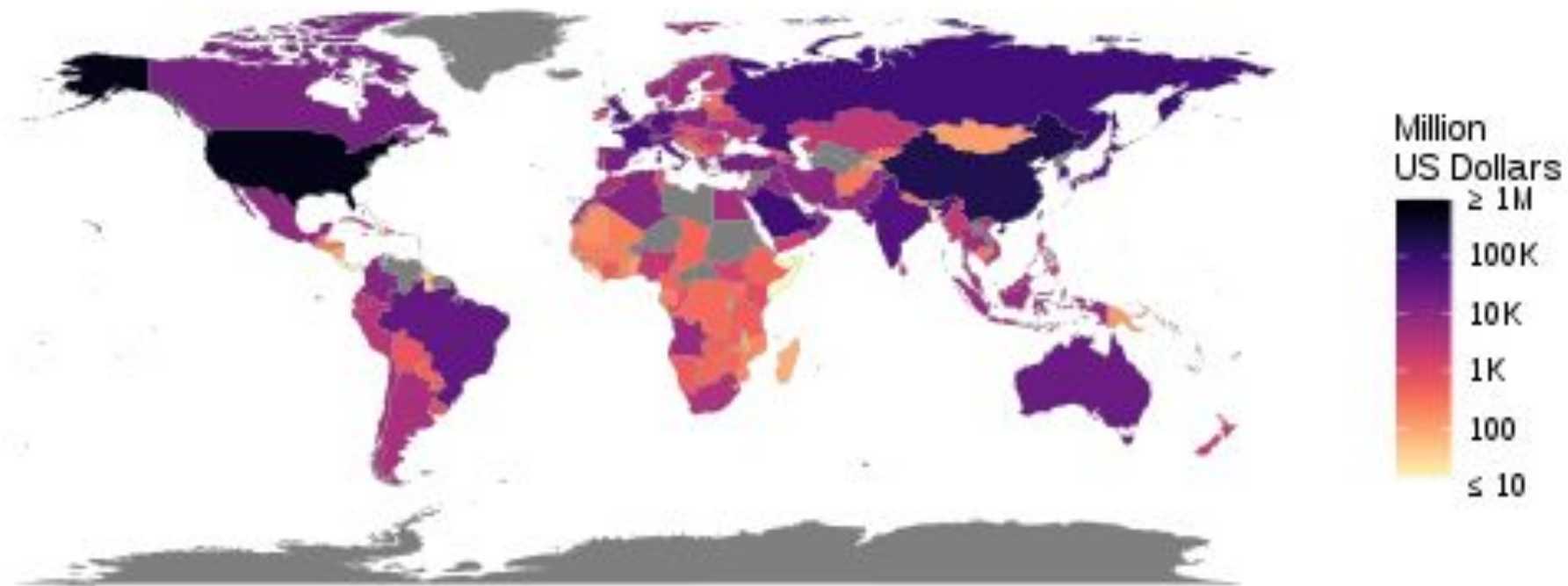
Spending figures and GDP are in US\$, at current prices and exchange rates. Changes are in real terms, based on constant (2016) US dollars. Figures may not add up to stated totals due to the conventions of rounding.

Rank		Country	Spending, 2017 (\$ b.)	Change, 2008–17 (%)	World share, 2017 (%)	Spending as a share of GDP (%) ^b	
2017	2016 ^a					2017	2008
1	1	USA	610	-14	35	3.1	4.2
2	2	China	[228]	110	[13]	[1.9]	[1.9]
3	4	Saudi Arabia	[69.4]	34	[4.0]	[10]	7.4
4	3	Russia	66.3	36	3.8	4.3	3.3
5	6	India	63.9	45	3.7	2.5	2.6
6	5	France	57.8	5.1	3.3	2.3	2.3
7	7	UK	47.2	-15	2.7	1.8	2.3
8	8	Japan	45.4	4.4	2.6	0.9	0.9
9	9	Germany	44.3	8.8	2.5	1.2	1.3
10	10	South Korea	39.2	29	2.3	2.6	2.6
11	13	Brazil	29.3	21	1.7	1.4	1.4
12	11	Italy	29.2	-17	1.7	1.5	1.7
13	12	Australia	27.5	33	1.6	2.0	1.8
14	14	Canada	20.6	13	1.2	1.3	1.2
15	15	Turkey	18.2	46	1.0	2.2	2.2
Total top 15			1 396	..	80
World total			1 739	9.8	100	2.2	2.4

Countries by military expenditures in 2014

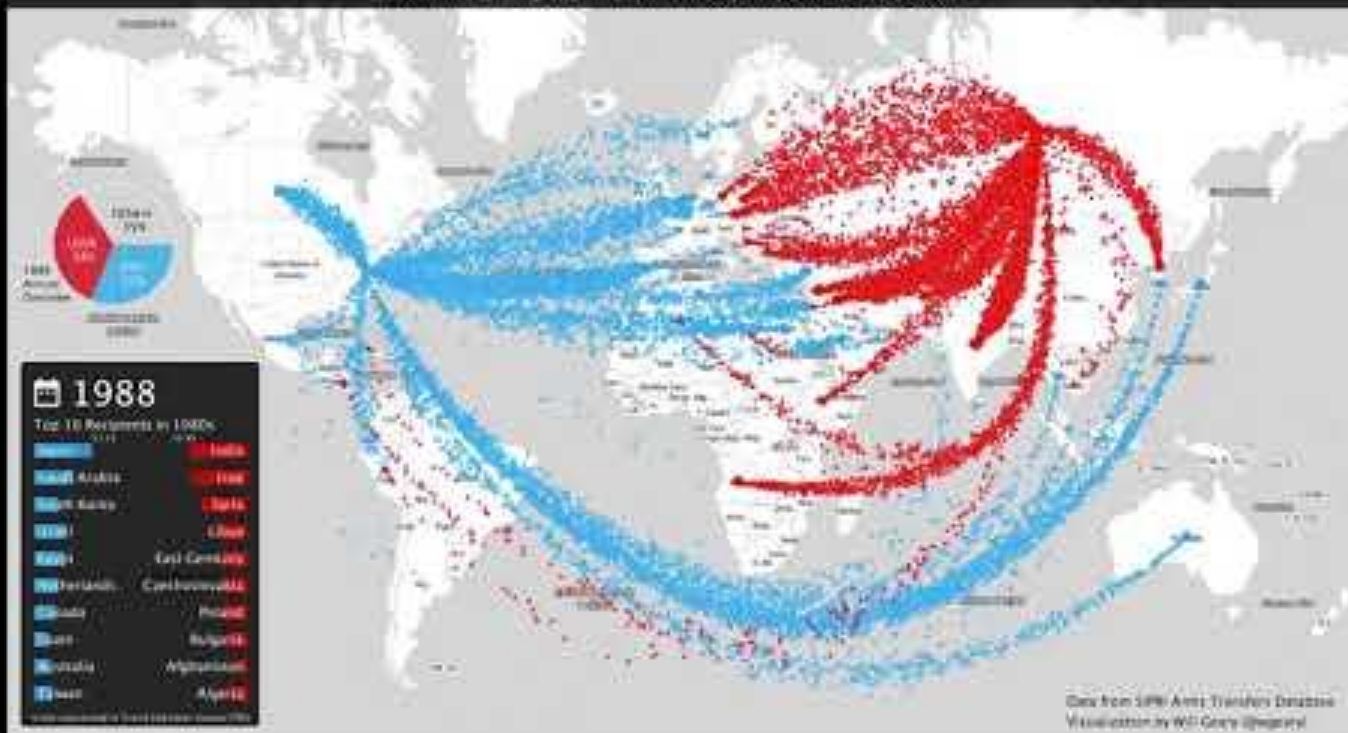


Countries by military expenditures in 2014



Arms Sales: USA vs. USSR

International Major Arms Transfers Exported from 1950 to 2017



WORLD WAR 3 FEARS: CONFLICTS ACROSS THE GLOBE



IMPACT ON U.S. INTERESTS

LIMITED

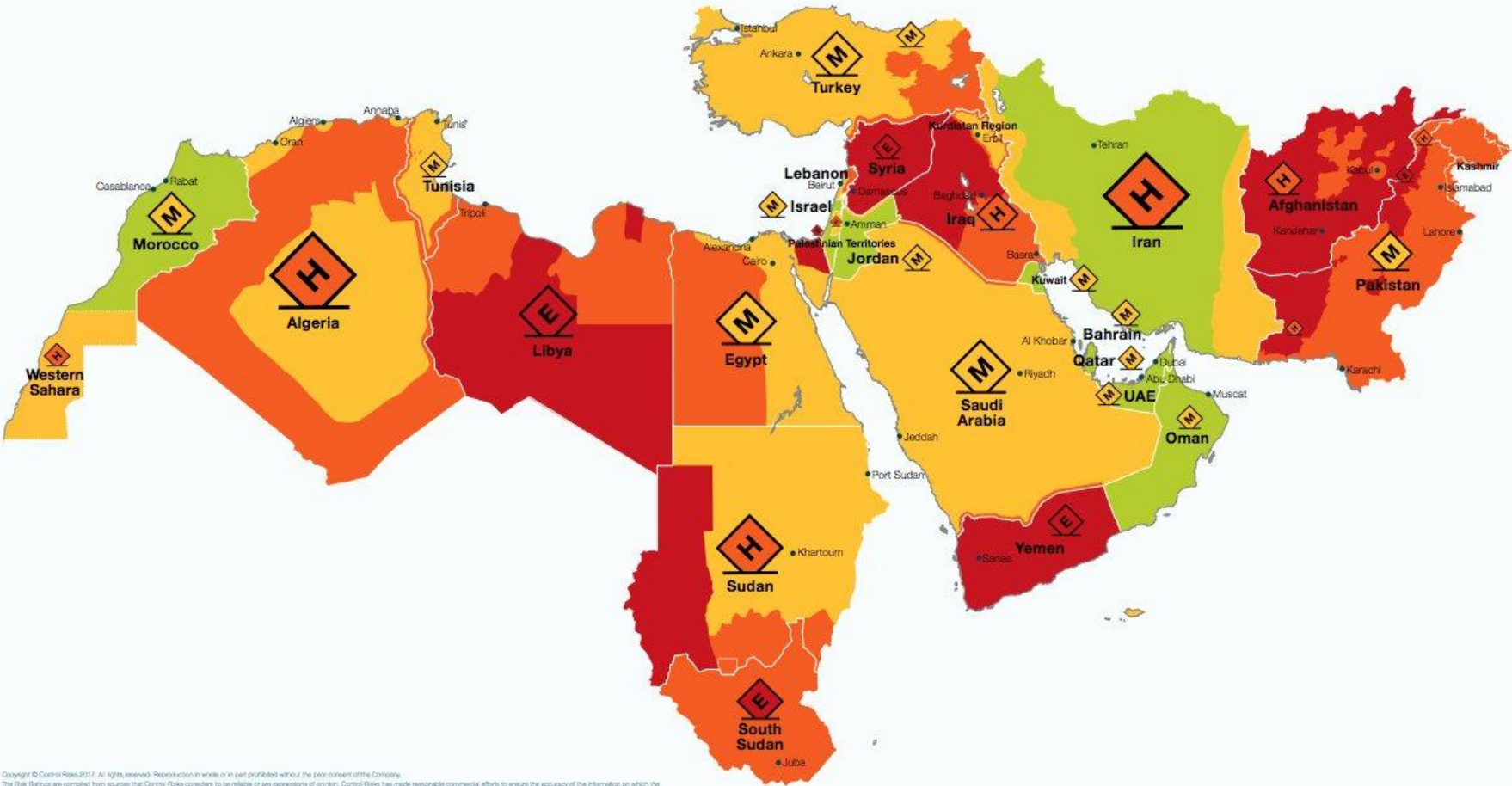
- 1 DESTABILISATION IN MALI
- 2 VIOLENCE IN CENTRAL AFRICAN REPUBLIC
- 3 CIVIL WAR IN SOUTH SUDAN
- 4 VIOLENCE IN THE DEMOCRATIC REPUBLIC OF CONGO
- 5 POLITICAL CRISIS IN BURUNDI
- 6 AL-SHABAB IN SOMALIA
- 7 ISLAMIST MILITANCY IN RUSSIA
- 8 NAGORNO-KARABAKH CONFLICT
- 9 UIGHUR CONFLICT IN CHINA
- 10 SECTARIAN VIOLENCE IN MYANMAR

SIGNIFICANT

- 1 CRIMINAL VIOLENCE IN MEXICO
- 2 BOKO HARAM IN NIGERIA
- 3 REFUGEE CRISIS IN EUROPEAN UNION
- 4 CONFLICT IN UKRAINE
- 5 KURDISH CONFLICT
- 6 SECTARIAN CONFLICT IN LEBANON
- 7 ISRAELI-PALESTINIAN CONFLICT
- 8 ISLAMIST MILITANCY IN EGYPT
- 9 WAR IN YEMEN
- 10 ISLAMIST MILITANCY IN PAKISTAN
- 11 CONFLICT BETWEEN INDIA & PAKISTAN

CRITICAL

- 1 CIVIL WAR IN LIBYA
- 2 CIVIL WAR IN SYRIA
- 3 WAR AGAINST ISLAMIC STATE IN IRAQ
- 4 TALIBAN IN AFGHANISTAN
- 5 NORTH KOREA CRISIS
- 6 TENSIONS IN THE EAST CHINA SEA
- 7 TERRITORIAL DISPUTES IN THE SOUTH CHINA SEA
- 8 FINANCIAL DEBT CRISIS IN VENEZUELA
- 9 MILITARY COUP IN ZIMBABWE



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TTIP - Transatlantic Trade and Investment Partnership



The Transatlantic Trade and Investment Partnership (TTIP) is a proposed trade agreement between the European Union and the United States, with the aim of promoting trade and multilateral economic growth.

TTIP is the largest bilateral trade initiative ever negotiated, because it involves the two largest economies.

Negotiations were halted by President Donald Trump, who then initiated a trade conflict with the EU. Trump and the EU declared a truce of sorts in July 2018.

The reports on the ongoing negotiations and the contents of the negotiated TTIP proposals are classified from the public, and can be accessed only by authorised persons.

The European Commission says that the TTIP would boost the EU's economy by €120 billion, the US economy by €90 billion and the rest of the world by €100 billion.

TTIP - Transatlantic Trade and Investment Partnership



CRITICS:

- reducing the regulatory barriers to trade for big business, things like food safety law, environmental, legislation, banking regulations and the sovereign powers of individual nations",
- assault on European and US societies by transnational corporations
- the proposed (ISDS) court of arbitration and protection of foreign investment would mean a "complete dis-empowerment of politics" and that, regarding labour economics, free trade agreements typically enforce lower standards and that TTIP would put European workers into direct competition with Americans, which would impact European social models.

CETA - Comprehensive Economic Trade Agreement

The Comprehensive Economic and Trade Agreement (CETA) is a free-trade agreement between Canada, the European Union and its member states. It has been provisionally applied, so the treaty has eliminated 98% of the tariffs between Canada and the EU.

All 28 European Union member states approved the final text of CETA for signature, with Belgium being the final country to give its approval.

- Signed on 30 October 2016.
- The European Parliament approved the deal on 15 February 2017. The agreement is subject to ratification by the EU and national legislatures
- Provisional application since September 2017.
- In September 2017, Belgium requested the opinion of the European Court of Justice on whether the dispute resolution system of CETA is compatible with EU law. The agreement cannot come into force until the ECJ has given its opinion nor if the ECJ opinion is that CETA is incompatible with EU law.
- Today ratified only by 9 EU member countries

CETA - Comprehensive Economic Trade Agreement

PROS:

- savings of taxes for EU exporters every year
- mutual recognition in regulated professions such as architects, accountants and engineers,
- easier transfers of company staff and other professionals between the EU and Canada
- will create a more level playing field between Canada and the EU on intellectual property rights
- facilitate business operations by abolishing customs duties, goods checks, and various other levies,
- facilitate mutual recognition of diplomas
- regulate investment disputes by creating a new system of courts

CETA - Comprehensive Economic Trade Agreement

Critics:

- weaken European consumer rights, including high EU standards concerning food safety,
- criticize it as a boon only for big business and multinational corporations,
- Create unemployment, and environmental damage impacting individual citizens
- Controversial investor-state dispute settlement mechanism which makes critics fear that multinational corporations could sue national governments for billions of dollars if they thought that the government policies had a bad impact on their business.

EPA - Japan EU Economic Partnership Agreement



Japan and the European Union in July signed the Economic Partnership Agreement, creating the world's largest free-trade bloc.

Japan and the EU account for about 30% of the world's gross domestic product, and 40% of global trade.

"This is an act of enormous strategic importance for the rules-based international order, at a time when some are questioning this order," said Tusk at a news conference after the ceremony. "We are sending a clear message that we stand together against protectionism."

The agreement now needs to be ratified by the Japan and EU parliaments. The two sides aim to bring the deal into force by March 2019, b

According to his government, the EPA will push the nation's GDP up by 1%, or 5 trillion yen (\$44.5 billion), and create 290,000 jobs. The European side expects to triple agricultural shipments to Japan and boost its total exports to the country by one-third.

Arguments for protectionism



- 1) **Infant Industry Argument:** economies of scale, ST protectionism, room for inefficiency?
- 2) **Protection against dumping:** sales of goods below its cost of production, hard to prove
- 3) **Protect domestic employment**
- 4) **Protect against “unfair” low cost labour from abroad**
- 5) **Protect product standards**
- 6) **To raise Government revenue (tariffs)**
- 7) **To improve a current account deficit**
- 8) **Avoid the risk of over specialization**

A New Dawn for Protectionism? Trade wars and new regional trade agreements

❖ Rationale:

- 2008 Global Financial Crisis: loss of jobs, no safety nets, limited welfare system
- China is moving along the supply chain: from low cost to better quality products
- Emerging consensus on how to contain China's supremacy: WTO is challenged to constrain China's non market economy (state aid, regulatory environment)
- Desire to bring back to the US the Industry jobs

❖ Escalation:

- In January 2018 the US imposed a tariff on solar panel imports, most of which are manufactured in China
- In July 2018, the US specifically targeted China by imposing 25% tariffs on \$34 billion of imported Chinese goods, which then led China to respond with similarly sized tariffs on U.S. products
- In September 2018, further tariff on \$200 billion of Chinese goods went into effect, to which China responded with tariffs on \$60 billion of US goods
- In October 2018, US announced their withdrawal from the Universal Postal Union, in order to renegotiate international shipping rates for mail and small postal packages. China had been paying lower rates because it was considered a developing nation; the United States seek to charge the same rates for all countries.