

Questions for PubPol/Econ 541
Aug 30

The State of Play in International Trade and Trade Policy I: Trade Wars

Bown & Kolb, "Trump's Trade War Timeline: An Up-to-Date Guide," PIIIE, June 1, 2023.

- With what countries was the US engaged in a trade war, in the sense that we used tariffs against them, and they responded with tariffs against us?
- What have been the legal bases (within the US) for tariffs and threats of tariffs on solar panels, washing machines, steel, aluminum, Chinese exports, cars, and Mexico?
- To what extent have the US and other countries used the World Trade Organization in these disputes?
- What is the current status of the trade war with China?
- To what extent has President Biden Reversed the tariffs begun by Trump?
- What main new actions have happened under Biden?

Steel & Aluminum:

Williams, Aime, "Biden official says protecting US steel a national security issue," *Financial Times*, October 3, 2021.

- Trump imposed tariffs on steel based on "national security." Does Biden agree? Why or why not?
- There is a November deadline mentioned. When is that? What happens then?
- Does the EU agree that steel is an issue of national security?
- What alternatives to simply removing the tariffs are mentioned?

Bounds, Andy, "EU rejects US offer to end steel tariff dispute," *Financial Times*, June 28, 2023.

- What is the "green steel club" that EU and US are striving for, and what is its more formal name?
- What policies do the EU and US favor, and why do they disagree?
- Is the WTO relevant for this?
- What was the truce that they agreed to earlier, and when does it expire?
- The EU is also concerned about the IRA. What is that, and why are they concerned?

Optional to Read:

Wall Street Journal Editorial Board, "Call Them the Biden-Trump Tariffs Now," *Wall Street Journal*, October 26, 2022.

- Does this explain the headline?

- If an industry doesn't use imported inputs, is it immune from the tariffs?
- Is aluminum from Canada subject to the tariffs?

China Tariffs:

Economist, "New research counts the costs of the Sino-American trade war," January 1, 2022.

- What did China promise in the Phase One deal, and to what extent did they do as promised?
- How much did average tariffs rise between the US and China?
- Who paid most of the cost of the tariffs?
- What were the macroeconomic effects that have been estimated?
- How did US import patterns change? Is this good or bad for the US?

Manak, Inu, Gabriel Cabanas, and Natalia Feinberg, "The Cost of Trump's Trade War With China Is Still Adding Up," Blog Post, Council on Foreign Relations, April 18, 2023.

- What reviews have been undertaken of Trump's tariffs on China?
- What is the consensus of the feedback?
- What do the economist studies say?
- Did Biden approve of the tariffs before he was elected?
- How did the tariffs on imports affect US exports?
- Did the tariffs achieve their objective of changing China's behavior?
- One responder said the tariffs caused them to move their production to China. Why would that be?

Swanson, Ana, "The Contentious U.S.-China Relationship, by the Numbers," *New York Times*, July 7, 2023.

- Is China's economy bigger or smaller than the US economy?
- How much has China contributed to global infrastructure and through what initiative? Can you tell how this compares to what the US has done?
- How does China's military size and capability compare to the US?
- Where does China stand as a trading partner of the US?
- Does China make cars?
- Is the US eager to export all products to China?

Optional to Read:

Bown, Chad P. and Yilin Wang, "Five Years Into the Trade War, China Continues Its Slow Decoupling From US Exports," *Realtime Economics*, Peterson Institute of International Economics, March 16, 2023. [17p].

- What is the main conclusion of this article regarding the “decoupling” of the US and China?
- Most of the focus here is on US exports to China. Are there any that expanded in 2022?
- What comparison do the authors use to infer what has happened, as opposed to whether the data just rise or fall?

Semiconductors:

Mozur, Paul and John Liu, Nicholas, "With Ban on Micron, China Escalates Microchip Clash With U.S.," *New York Times*, May 22, 2023.

- What was China’s claimed basis for blocking purchases of chips from Micron?
- What actions had the US taken previously that might have motivated this?
- What actions had China taken previously in this area?

Hayashi, Yuka and John D. McKinnon, "U.S. Looks to Restrict China’s Access to Cloud Computing to Protect Advanced Technology," *Wall Street Journal*, July 4, 2023.

- Why is restriction of Chinese access to US cloud services closing a loophole in previous US export restrictions?
- What had China done just before this announcement?
- What else is the US worried about China cutting off?
- Is the US alone in taking actions against China?

Sohn, Jiyoung, Yang Jie, and Rhiannon Hoyle, "China’s Export Curb on Chip-Making Metals Prompts Countries to Explore Supply-Chain Diversification," *Wall Street Journal*, July 5, 2023.

- Who is China targeting with its new restrictions on exports of gallium and germanium?
- What are the aims of China and the US?
- What steps does South Korea say it will pursue to deal with this?
- Does China have a natural monopoly on these materials?

Optional to Read:

Bounds, Andy, Qianer Liu, and Tim Bradshaw, "Dozens of ASML Shipments to China Face Tougher Export Curbs," *Financial Times*, June 30, 2023.

- What does ASML make that is now being restricted as to who can buy it?
- Does the policy explicitly target China’s buyers?

- Is the motive, for the US in persuading Netherlands to do this, just to keep China from succeeding economically?
- How does China respond, rhetorically?