

Policies and Institutions: National, Other

European Union:

Jackson, Ch. 3, pp. 100-105:

- What are the six entities that play constitutional roles in the European Community? **<a: The commission; the council (actually councils, groups of ministers for topics); the European council (heads of state); the court; the European Parliament; and the member states.>**
- What (and when) have been (as of this writing) the three major treaties that have formed the EC? **<a: The Treaty of Rome 1957 which created the EC; the Single European Act 1986 which introduced the Internal Market, to be achieved by 1992; and the Maastricht Treaty 1992 which created the European Union based on three pillars. The pillars were The European Community; the Common Foreign and Security Policy; and Cooperation in the Field of Justice and Home Affairs. It also provided for establishing a European Monetary Union (now called the Economic and Monetary Union.>**
- Why is Japan a less complicated country than both the US and the EU to understand its interaction with international trade law and negotiations? **<a: Because it is a parliamentary system, so that the executive has a parliamentary majority, and therefore usually does not face the difficulty of getting legislative approval for what it has negotiated that is faced in the US. The EC (EU) has a parliament, but it is hardly a parliamentary system. It is not even a country.>**

European Commission, “The European Union in Brief,” part 1 of *The European Union: What it is and what it does*:

- What does the “single market” entail? **<a: Free movement of most goods, services, money, and people.>**
- What are the three entities through which EU citizens and members states are represented? **<a: European Parliament, European Council, Council of the EU.>**
- Why and when did it change its name from EEC to EU? **<a: 1993, because it extended beyond economics to many other policy areas.>**
- Who proposes new laws and who adopts them? **<a: Commission proposes; Parliament and Council adopts.>**
- What two principles limit what the EU can do? **<a: Subsidiarity and Proportionality.>**
- What fraction of the EU member countries are needed to approve an EU treaty? **<a: 100%.>**

European Commission. – Trade, “Making Trade Policy”

- What sorts of policy are the “exclusive power of the EU,” meaning that they cannot be done by member states individually? **<a: Not just trade in goods, but also trade in services, commercial aspects of intellectual property, and FDI.>**
- Which part of the EU negotiates trade agreements with other countries? Is that entity constrained in any way as to with whom it can negotiate and what its objectives should be? Once a trade agreement is negotiated, who approves it? **<a: The commission negotiates after getting authorization from the Council, which sets out objectives. It is approved by the Council and the European Parliament.>**

Matthijs, Matthias and Craig Parsons, "Single-Market Power: How Europe Surpassed America in the Quest for Economic Integration." *Foreign Affairs*, May-June 2021.

- Which of the US and EU have the more integrated markets? **<a: Most would say the US, but the point of this is that the US has an awful lot of barriers between the states, in spite of the Commerce Clause that guarantees free trade among them.>**
- If indeed the US is less integrated, why is there so much greater interstate trade and mobility in the US than in the EU? **<a: The US is much more homogeneous than the EU, in language, customs, etc.>**
- How does California restrict imports of eggs from some other states? **<a: With its rules on animal welfare.>**
- Can colleges in the US and EU charge different tuitions for students from outside their state or country? **<a: In the US, of course, yes, but not in the EU.>**

Economist, “The Trade War Within,” 2011.

- To what extent are EU countries largely free-traders? **<a: Only the north. Southern countries tend to be more protectionist.>**
- Why was the EU considering taking some developing countries off the list for GSP treatment? Can you find out whether it did in fact do this for Brazil, Russia, Saudi Arabia, South Africa? **<a: Because some GSP recipients were richer than some EU countries. I’ve found the list from January 1, 2022, none of those countries are on it. So yes, it did do that eventually (though when I searched in 2015, they were still getting it).>**
- What are the 3 levels of EU GSP and what do they mean? **<a: Standard, which cuts or removes tariffs on 2/3 of import categories where tariffs are not already zero. GSP-plus: expands the list of goods and gives duty-free access on all, for 15 countries [only 7 in 2022], in return for signing 27 different international conventions. For 49 countries [46 in 2022]: “everything but arms” is duty-free.>**
- What is meant by the need for “reciprocity”? **<a: Exclude China from public procurement unless it opens its own. And insist that richer GSP countries join in FTAs, to open their own markets.>**

Bounds, Andy, "EU seeks protected status for goods such as Donegal tweed and Limoges porcelain," *Financial Times*, April 13, 2022.

- Once a product has protected status, what does this mean? **<a: Only producers in specific regions using agreed processes could sell goods across the EU by the protected name.>**
- Does the WTO accept the idea of protected status? **<a: For food and drink, yes, but not for "craft products".>**
- What are some examples of currently protected products? **<a: Parmesan cheese, Parma ham.>**
- The EU had a dispute with Egypt over feta cheese. Was the issue that producers in Egypt were making and selling cheese under that name? **<a: No. Instead, feta cheese was banned in Egypt as a health threat.>**
- Over what part(s) of the world do the EU designations of protected status apply? **<a: Certainly for sales within the EU. Also, they are including it in new trade agreements.>**

Japan:

METI, "Trade Control.":

- What is METI's "general rule"? **<a: That trade should be free.>**
- What are some of the exceptions to free trade that they base their trade controls on? **<a: Mentioned are: national security; WMDs; environmental issues; trade remedies, both of others and for their own; certificates of origin.>**
- What are some of the things that METI does? **<a: screening for import/export permission and approval; on-site inspection and disposal of illegal exports; exchanges [of] information with other countries; circumventing exports to countries of concern; cooperating with other countries in introducing an export control system.>**

World Trade Organization, "Trade Policy Review: Japan 2023," Executive Summary.

- What are some unusual features of Japan's international economic situation? **<a: Highest Debt/GDP ratio; large trade surplus; very little use of trade policies other than tariffs; .>**
- On what are Japan's highest MFN tariffs? **<a: Agriculture.>**
- Has Japan recently adopted new industrial policy? **<a: It seems so, as this mentions its new Act for the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures, adopted in May 2022, which sounds a lot like industrial policy.>**

China:

MOFCOM, “Mission”:

- What part of the government of China has, as part of its mission, to draft the laws and regulations governing foreign trade? **<a: The Ministry of Commerce.>**

World Trade Organization, “Trade Policy Review: China,” Executive Summary, 2021.

- How has China’s GDP growth rate changed? How has its current account surplus changed? **<a: Growth fell in 2020, but recovered in 2021. The current account surplus fell in 2018 but grew after that.>**
- Does the government intend to eliminate State Owned Enterprises? **<a: Apparently not. They remain important. And there were no privatizations in the period.>**
- How, if at all, does China manage inward foreign direct investment? **<a: Through a “catalogue,” which lists categories of encouraged and essentially prohibited (the “negative list”).>**
- How high are China’s tariffs? **<a: Average was 9.3%, now only 7.1%.>**
- What is China’s policy regarding trade in garbage (solid waste)? **<a: Since January 2021, China prohibits the importation of all kinds of solid waste. .>**
- Does China use tariff-rate quotas? **<a: Yes, for wheat, corn, rice, sugar, wool, wool tops, and cotton.>**
- Does China limit foreign ownership of financial firms? **<a: Apparently yes, but it increased the permitted foreign shares .>**
- Has China made any changes in its intellectual property rules and procedures? **<a: Yes, quite a bit apparently.>**
- How does the US-China Trade War enter this report? **<a: Not at all, explicitly. Can’t tell if the reported tariff averages take account of increased barriers on US exports. It may be that the IP reforms were prompted by it.>**

Wei, Lingling, “China Spends Far More Than Others to Help Favored Industries, Report Finds,” *Wall Street Journal*, May 23, 2022.

- As percent of GDP, how does China’s government support compare to US and also the second most supported country? **<a: China’s is 1.73%, more than twice the runner up S. Korea’s 0.67%, and well above the US’s 0.39%.>**
- Might the US respond to this with policy? **<a: Yes, a Section 301 investigation. [It doesn’t mention that we already had such an investigation, prompting the trade war. Also, “industrial policy” is coming back in the US and elsewhere, presumably in part in response to seeing what China is doing.]>**
- What forms does China’s government support take? **<a: Mentioned here are direct government subsidies, tax incentives, below-market credit, and state investment funds. Not mentioned here are restrictions on foreign firms’ market access in China and government purchases.>**