

FTAs and Other Trade Deals

Multicountry:

Kirby, Jen, "USMCA, Trumps New NAFTA Deal, Explained in 600 Words," *Vox*, July 1, 2020.

- How big a change is USMCA compared to NAFTA? **<a: This doesn't say more than that it is an "updated version" of NAFTA. (The earlier version of this said that NAFTA had just been "tweaked" and has a "few updates.">**
- What industry or product seems to have gotten the most attention in the changes made to USMCA? **<a: Autos, which are the subject of two of the five changes mentioned here.>**
- How are the rules of origin for cars and car parts changed in USMCA compared to NAFTA? **<a: Percent that must be made in North America raised from 62.5% to 75%. Also, substantial input from workers earning over \$16/hr.>**
- What is the "rapid-response mechanism"? **<a: A provision that was added to satisfy Democrats and unions, calling for "an independent, three-person panel of multinational, independent experts who will make sure Mexico abides by its union rules and other protections.>**

Hayashi, Yuka, "U.S. on Sidelines as China and Other Asia-Pacific Nations Launch Trade Pact," *Wall Street Journal*, January 1, 2022.

- How many countries are in RCEP, and how does it compare in size to other trade agreements? **<a: 15, and it is the largest by several measures.>**
- Who initiated the negotiations for RCEP? **<a: Association of Southeast Asian Nations.>**
- Over what period are the tariff reductions of RCEP scheduled? **<a: 20 years.>**
- Does it eliminate all tariffs among the countries? **<a: No. But the fractions mentioned are large: 86%, 92%.>**
- What rule of origin is applied in RCEP? **<a: It requires only 40% of the contents of a product to originate within the RCEP bloc to qualify for duty-free treatment.>**

Edmond, Charlotte, "The United Kingdom Is Set to Join the Trans-Pacific Free Trade Pact. Here's What You Need to Know," World Economic Forum, April 3, 2023.

- How many countries are in the CPTPP including UK, and how many will be in it after those who've applied join? **<a: 12 now, 14 after, according to what is stated here, though the map disagrees.>**
- Will all tariffs be removed for trade among these countries? **<a: No, though most will be reduced. Japan keeps its tariff on rice, and tariffs on cars will only "gradually be removed".>**

- By how much does UK GDP stand to grow as a result of joining the CPTPP? **<a: 0.08%. [Note, that is not 8%.]>**
- What criticism is mentioned? **<a: Pressure to reduce standards on food and the environment to compete with CPTPP countries.>**

EU & Other:

Bounds, Andy, "EU Seals Chile Trade Deal That Will Improve Bloc's Access to Key Minerals," *Financial Times*, December 9, 2022.

- Will Chile remove all tariffs on EU exports? **<a: All except sugar.>**
- Will the EU remove all tariffs on Chile? **<a: This doesn't say. Only that Chile will get "more favorable access" for its exports, particularly food, and professional services.>**
- What objections had to be overcome to achieve this agreement? **<a: France opposed tariff-free chickens and Chile's president needed to "embrace the EU's sustainable trade agenda.">**
- Is this just a simple FTA dealing only with tariffs? **<a: No. It includes many other issues, such as labor standards, human rights, environmental protection, and gender equality.>**
- What does Chile hope this will do for its economy? **<a: Allow its GDP to grow 6%.>**
- Is this a done deal, or do more things have to happen for it to be final? **<a: Many things: first, signed by autumn; then ratified by Chile, the EU governments, and the EU parliament, and for full force by all 27 EU national parliaments.>**

Bounds, Andy and Ian Johnston, "Lula holds up EU trade deal in bid to protect Brazil's domestic industry," *Financial Times*, July 19, 2023.

- What is the trade deal that is discussed here? **<a: The negotiated FTA between the EU and the four-country MERCOSUR, Brazil, Argentina, Uruguay, and Paraguay.>**
- Why is Lula refusing to sign? **<a: It requires government to open their contracts to foreign firms, and he wants to be able to reserve them for small domestic companies.>**
- Would it be unusual for countries to do what Lula wants? **<a: He says no, that "every country in the world" does it.>**
- When was this agreement provisionally reached, and how long did the negotiations to achieve it take? **<a: 2019, after 20 years.>**
- Does Lula have other objections? **<a: Yes, he doesn't like being threatened with sanctions and punishments if deforestation continues, even though he says Brazil is committed to stopping it.>**
- What does China have to do with any of this? **<a: China has passed the EU as a trading partner for Latin America and is viewed as an alternative if the EU doesn't give it what it wants.>**

Johnston, Ian and Andy Bounds, "Australia-EU trade deal stalls over meat quotas," *Financial Times*, July 11, 2023.

- Why does Australia want an FTA with the EU? <a: **"To diversify its economy away from reliance on a hostile China."**>
- Why does the EU want an FTA with Australia? <a: **"For better access to Australia's vast mineral resources" and because it has recently struggled to do deals with developing countries because of its insistence on environmental and labor standards.**>
- What is the main issue in the way of agreement? <a: **Australia's exports of meat. The EU has offered only a quota in an amount that Australia says is way too small, especially compared to the UK FTA that will eliminate all tariffs and quotas over ten years. The EU is trying to protect its farmers in Ireland and France.**>
- What other issues are mentioned as outstanding? <a: **EU-protected names, and pricing of energy and raw materials.**>

Optional to Read:

Bounds, Andy and Andres Schipani, "EU Agrees Trade Deal with Kenya as Brussels Aims to Boost Africa Ties," *Financial Times*, June 14, 2023.

- Does this bring down tariffs on EU imports from Kenya? <a: **It doesn't seem to, since it appears that Kenya already had zero tariffs as a least-developed country.**>
- Does it bring down tariffs on Kenya imports from the EU? <a: **Yes, but "gradually."**>
- Does it deal with more than just tariffs? <a: **Yes: "binding commitments on environmental protection, climate and labour rights ."**>

UK & Other:

Alim, Arjun Neil, "UK Government Threatened with Legal Action Over Australia Trade Deal," *Financial Times*, March 31, 2023.

- When was the FTA between UK and Australia signed? <a: **December 2021, as the first post-Brexit deal done from scratch.**>
- What does the environmental group claim is wrong with it? <a: **That it allows imports of Australian agricultural products, such as beef and dairy, even though they are worse for the environment than UK products.**>
- Is there evidence to support their claim? <a: **Yes. A "government-commissioned independent report ... in 2021 [that] suggested that the carbon footprint of Australian beef was 50 percent higher than UK beef"**>
- How does the UK government respond? <a: **That it has "an ambitious environmental chapter," the first that Australia has agreed to.**>

Reed, John, Benjamin Parkin, and Anna Gross, "UK Trade Talks 'Moving Very Well', Says Indian Minister," *Financial Times*, July 6, 2023.

- What is the deal being discussed? **<a: Implicitly, an FTA between UK and India.>**
- What is the visa issue? **<a: Supposedly not migration, but access for service workers.>**
- What is the issue about automotive and spirits? **<a: Apparently India doesn't want free access to its market, though they say they've "given a good deal" on these.>**
- How big is the India economy compared to the UK? **<a: It just recently surpassed the UK, and it promises to become much larger in future.>**
- When might the trade deal be reached? **<a: Perhaps early September, though no deadline has been stated.>**

Fedor, Lauren and James Politi, "US Calls for Revived UK Trade Talks After Northern Ireland Deal" *Financial Times* March 3, 2023.

- Why was the Windsor Framework important for getting negotiations on a UK-US FTA? **<a: It wasn't, directly, but without it and with unhappiness over the situation of Northern Ireland, the US and especially Biden wouldn't be willing to talk with the UK about anything else.>**
- What action was actually taken toward the objective of a UK-US FTA? **<a: Only that two senators put forward a bill for Fast Track, for just 2 years.>**
- Has the Biden administration said it wants to pursue this? **<a: Apparently no, as USTR is quoted, but not about that.>**

US and Other:

Economist, "The Great Steeplechase: America Is Losing Ground in Asian Trade", *the Economist*, June 15, 2023.

- What are the two trade agreements that are compared here? **<a: IPEF and RCEP.>**
- Which of them reduces tariffs the most? **<a: RCEP, since it is an FTA, though the reductions "are too puny to matter." IPEF doesn't reduce tariffs at all.>**
- What does IPEF mainly do? **<a: So far, its "first building block is as an early-warning system over supply-chain problems.>**
- What does RCEP mainly do? **<a: Harmonizes rules of origin, much simplifying trade within the group.>**
- What is taken to signal that the US will do little in the near future to liberalize trade? **<a: The fact that it is doing a deal with India, which "studiously avoid[s] multilateral trade agreements that genuinely mean business.>**

Beattie, Alan, "The US Trade Pledge to the Indo-Pacific Is Empty," *Financial Times*, June 8, 2023.

- How many countries other than the US are included in this agreement? **<a: 13.>**

- What new bodies does it set up, and with what purpose? **<a: A new Supply Chain Council, a Supply Chain Crisis Response Network, and a Labor Rights Advisory Board,** the purpose being to identify “disruptions or potential disruptions [in supply chains] and respond.”>
- Why does this author say that this agreement can accomplish little? **<a: Because by giving no added access to the US market or other privileges, it provides no incentive for other countries to make big commitments.>**
- Since IPEF is “empty,” has it met no resistance? **<a: Hardly. There is resistance from all sorts, including business groups, Congress, and NGOs.>**

Areddy, James T., "U.S., Taiwan Reach Trade Deal as Tensions with China Simmer," *Wall Street Journal*, May 18, 2023.

- What does the agreement cover? **<a: “Low-hanging fruit”: customs administration, trade facilitation, standards for good regulatory practices, regulations on domestic services, anticorruption measures, and initiatives related to small and midsize enterprises”.>**
- What does the agreement NOT cover? **<a: Market access (tariffs) and double taxation.>**
- Why is the agreement not an FTA? **<a: Because it doesn’t lower tariffs, and that’s because lowering tariffs would require approval of Congress.>**
- When did US cease formal diplomatic relations with Taiwan, and why? **<a: 1978, because it switched relations to China.>**

Other:

Daniels, Joe and Joe Leahy, "China Deepens Ties in Latin America with Ecuador Free Trade Agreement," *Financial Times*, May 11, 2023.

- With what Latin American countries did China have FTAs before this? **<a: Peru, Chile, and Costa Rica.>**
- Why does Ecuador prefer having an FTA with China rather than the US? **<a: It, or at least its president, doesn’t. They’d prefer one with the US, but the US isn’t doing FTAs much under Biden.>**
- Will this FTA be ratified in Ecuador? **<a: There is said to be opposition that might stop it in the national assembly, and the president of Ecuador is facing impeachment. [Later news reports that the president has dissolved the national assembly, so this must be in limbo.]>**
- Does Ecuador export more to China or to the US? **<a: More to the US if you include oil, but for non-oil exports, China is #1.>**

Kerr, Simeon, "UAE and Ukraine Open Trade Talks," *Financial Times*, December 5, 2022.

- What do these talks hope to achieve? **<a: Eliminating trade barriers and customs fees, standardization.>**
- Where does UAE stand on the Russia-Ukraine war? **<a: It remains neutral, but it seeks to “help reinvigorate the national economy of Ukraine.”>**

- Does UAE have, or is it pursuing, other such trade deals? **<a: Yes, with India, Indonesia, Israel, Turkey, Georgia and Cambodia.>**