

PubPol/Econ 541

Class 10

Policies and Institutions: National, Other

by

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2021

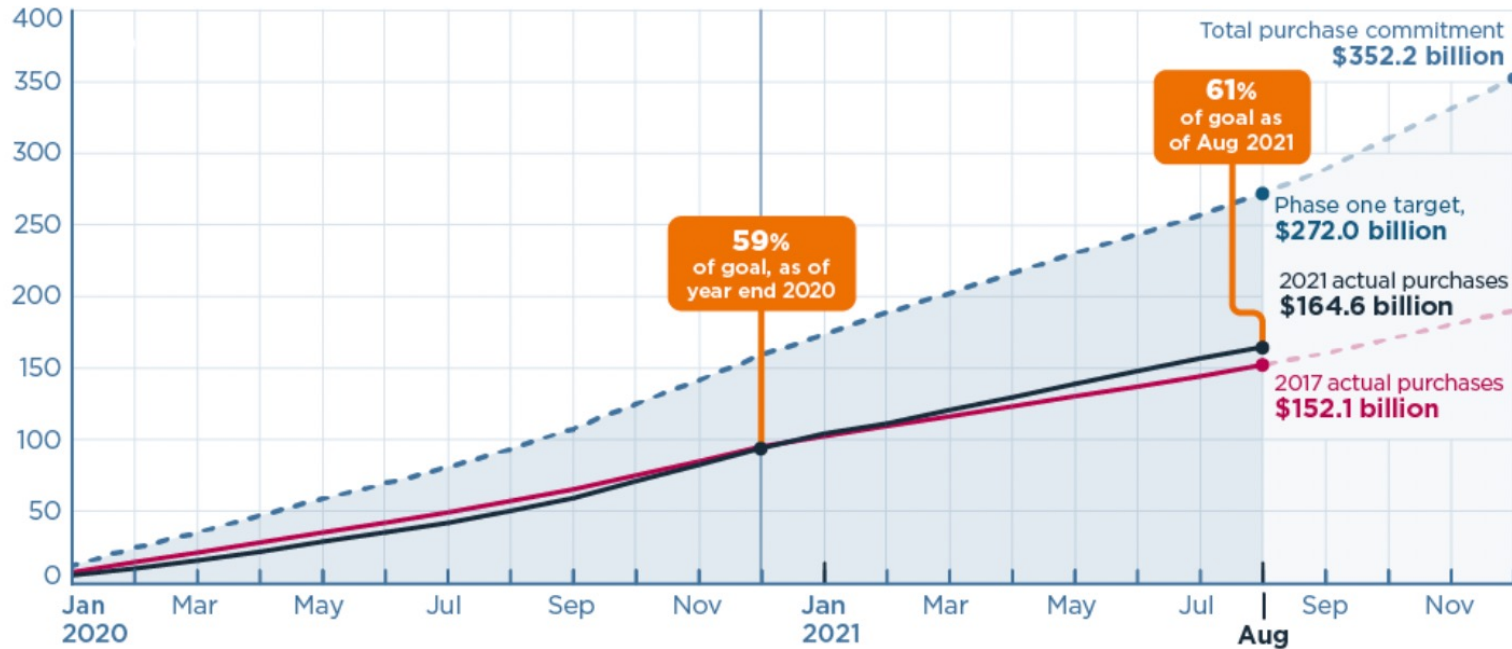
Why Biden will try to enforce Trump's phase one trade deal with China

By [Chad P. Bown](#), October 4, 2021

Figure 1

China's purchases of US goods are falling short of its phase one commitments and are only slightly above pre-trade war levels

US exports to China covered by the phase one deal, billions USD



Note: Data refer to end of month cumulative totals. Data for the '2017 actual purchases' series is repeated for comparison purposes. Numbers may not sum to total due to rounding. Prorating the 2020 and 2021 year-end targets to a monthly basis is for illustrative purposes only. Nothing in the text of the agreement indicates China must meet anything other than the year-end targets. Monthly purchase commitments are seasonally adjusted based on 2017 data.

Sources: Constructed by the author with US export data from US Bureau of the Census. Products set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China.

Announcement

- Quizzes
 - Results:

	Q1	Q2	Q3	Q4
Mean	8.97	7.21	6.50	8.66
Median	9	7.5	6.5	9
Max	10	9.5	9.5	10
Min	6.5	4	4	5
S.D.	1.09	1.70	1.72	1.31

Outline

- European Union
- Japan
- China
- Other

European Union

- History
 - 1957 Treaty of Rome created European Economic Community (EEC) as a "common market"
 - Eliminated barriers to movement of goods, services, capital, and labor (eventually)
 - Prohibited policies to inhibit market competition
 - Adopted Common Agricultural Policy (CAP)
 - Adopted common external trade policy
 - (Hence a Customs Union)
 - Original Six countries: Belgium, France, Germany, Italy, Luxembourg, Netherlands
 - Added 6 more: 1973: Denmark, Ireland, UK; 1981: Greece; 1986: Portugal, Spain (also E. Germany 1990)

As of
1990



European Union

- History
 - “Europe 1992”: Treaty on European Union, signed Feb 7, 1992, in Maastricht, Netherlands
 - “Four Freedoms” became reality: free movement of goods, services, people, and money
 - Set rules for single currency
 - 1995: Added Austria, Finland, Sweden
 - 2004: Added 10 more: 8 from former Soviet Bloc, plus Malta and Cyprus
 - 2007: Added Bulgaria and Romania
 - 2013: Added Croatia
 - 2020: Subtracted United Kingdom

As of
2020

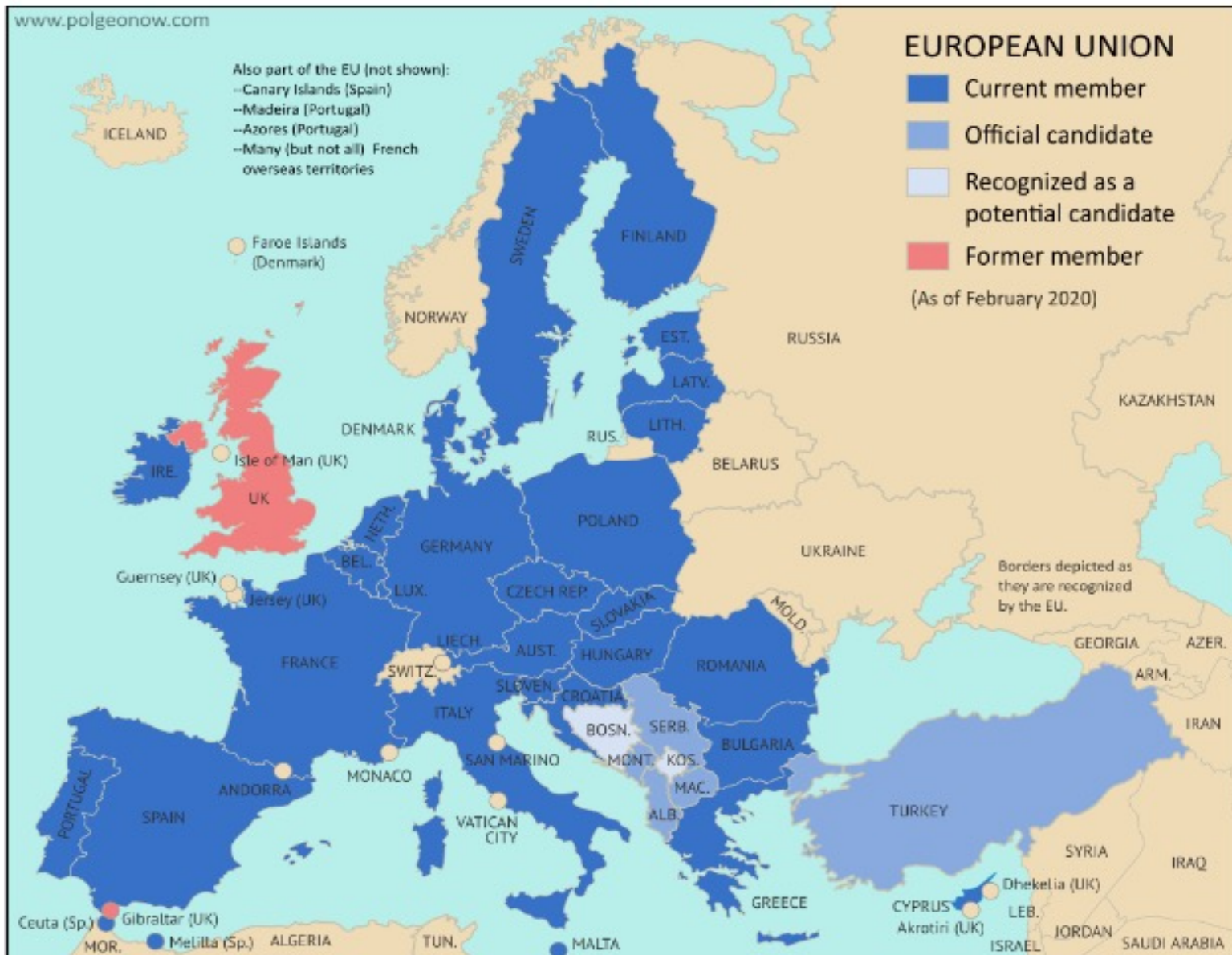


NOTE:
Not yet
members,
and maybe
never:

Serbia
Montenegro
N. Macedonia
Albania
Turkey

European Union

- The EU today
 - 27 Countries
 - Note who is not in
 - UK (anymore)
 - Switzerland
 - Norway
 - Iceland
 - Official candidates: Turkey and several parts of former Yugoslavia
 - Potential candidates: Other parts of former Yugoslavia



The European Union after the January 2020 departure of the UK and Gibraltar ([pre-Brexit version here](#)).

Map by Evan Centanni, from blank map by Ssolbergj. License: CC BY-SA

European Union

- Two main institutions
 - European Council
 - European Commission

European Union

- European Council
 - Heads of national governments, expressing their national interests
 - Presidency rotates among member states every six months
 - Not a person, but a country. Currently Slovenia
 - There is also a person with the title President of the European Council: Charles Michel
 - Runs meetings
 - Represents EU externally



European Union

- European Commission
 - 27 Commissioners, one from each member country
 - Represents the whole of the EU, not the individual national interests
 - Drafts legislation and handles day-to-day running of EU
 - Current President is Ursula von der Leyen



European Union

- Other institutions
 - Council of the European Union
 - Not the same as European Council
 - National ministries, a Council for each area
 - European Parliament
 - Court of Justice
 - European Central Bank
 - Court of Auditors

European Union

- How it functions
 - Commission “proposes”
 - Council “adopts”: seeks unanimity, but if not, it votes
 - Proportional to population
 - But with small countries over-represented

European Union

- Features relevant for trade
 - Common external tariff
 - Countries therefore can not join FTAs on their own
 - Value-added tax (VAT)
 - Rebated on exports
 - Common agricultural policy (CAP)
 - System of subsidies and support programs for agriculture
 - Variable levies
 - Numerous (~42) FTAs with other countries & groups of countries, including with former colonies
 - Banana War: US-EU dispute over EU preference for former colonies' banana. US won case at WTO
 - State aid for firms is prohibited (unlike US)

European Union

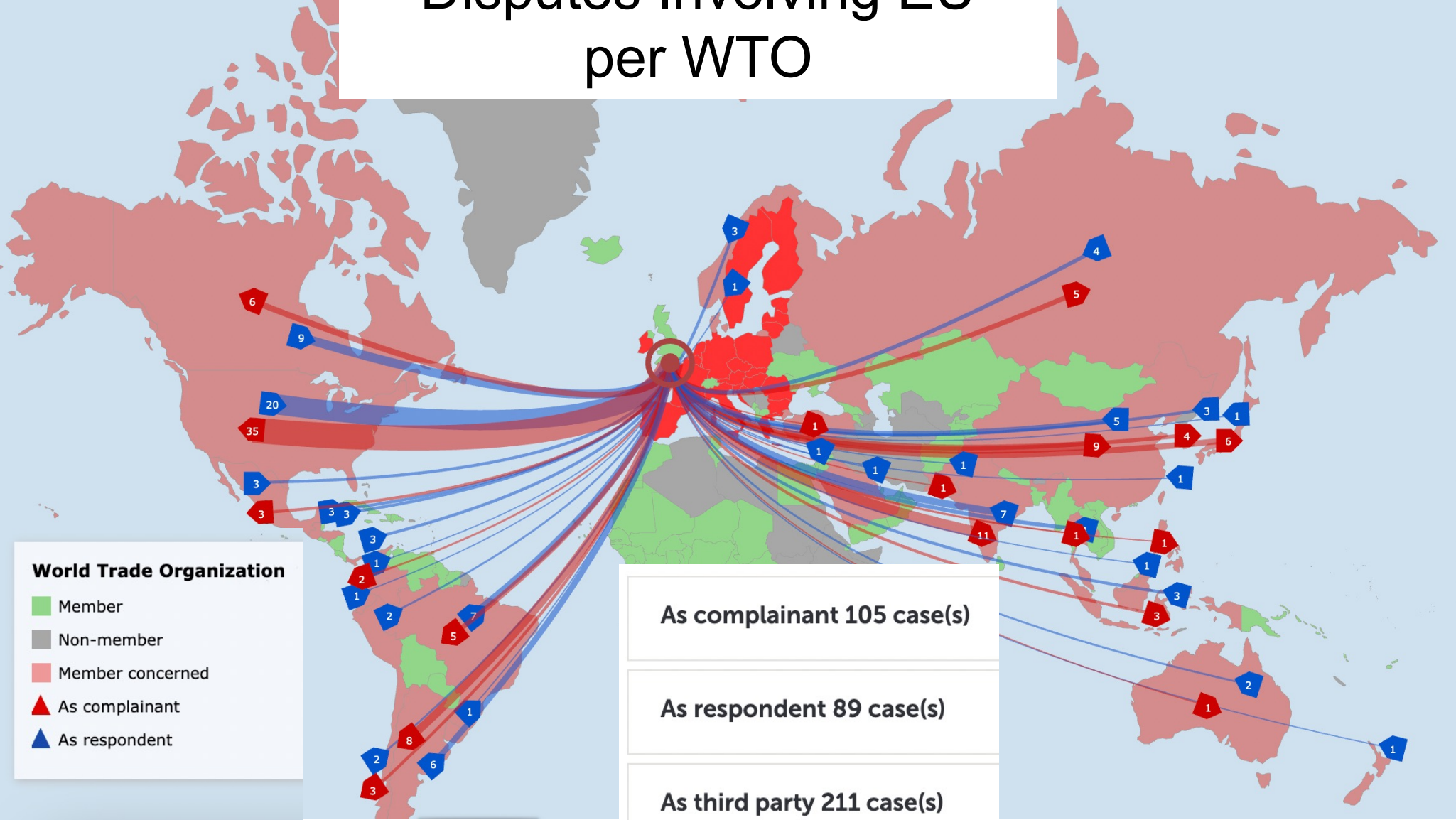
- Tariffs and Trade Disputes
 - The following 2 slides come from WTO, Member Information, downloaded 9/24/21
 - Tariffs: I assume they are up to date, as of 9/24/21
 - Disputes: These are the total numbers of disputes since 1995.

EU Tariffs per WTO

Latest Tariff Statistics (%)



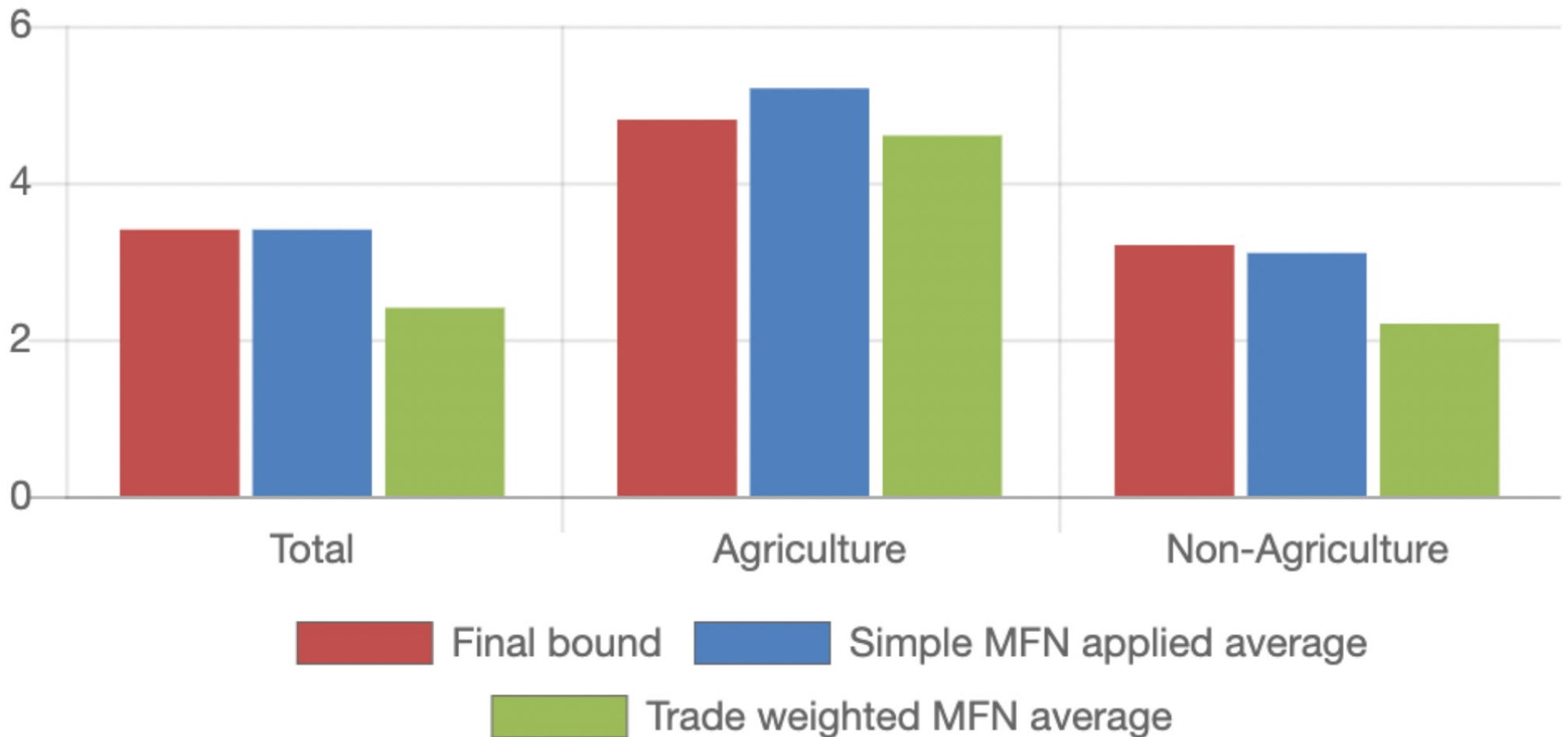
Disputes Involving EU per WTO



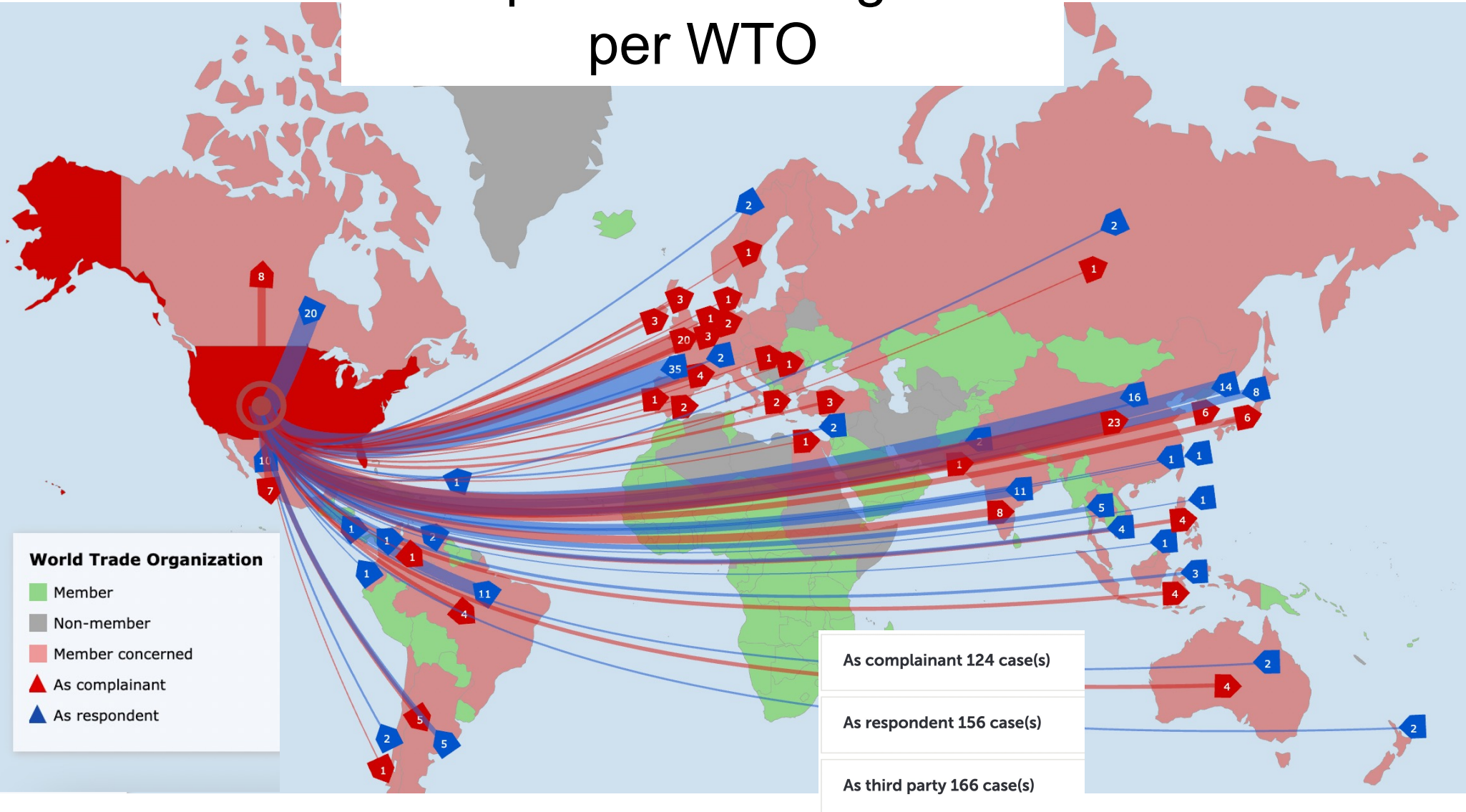
Compare with US

US Tariffs per WTO

Latest Tariff Statistics (%)



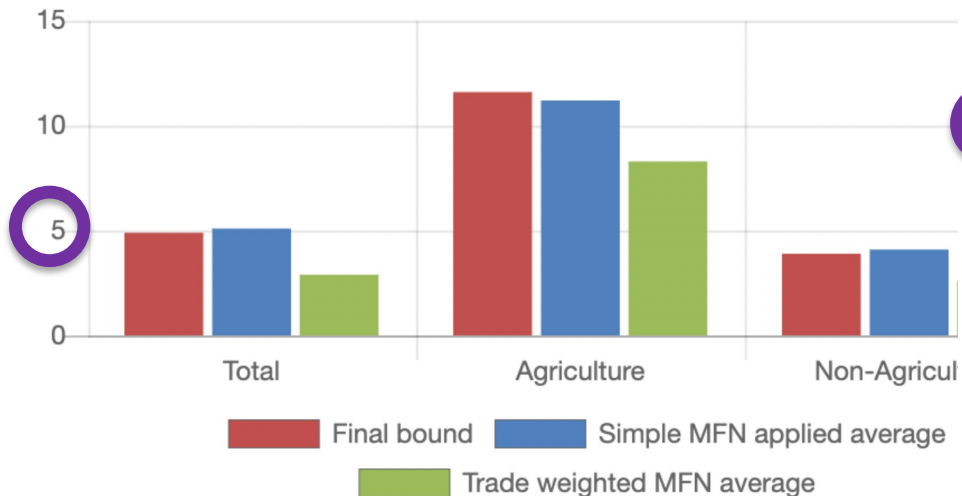
Disputes Involving US per WTO



Comparison of EU with US

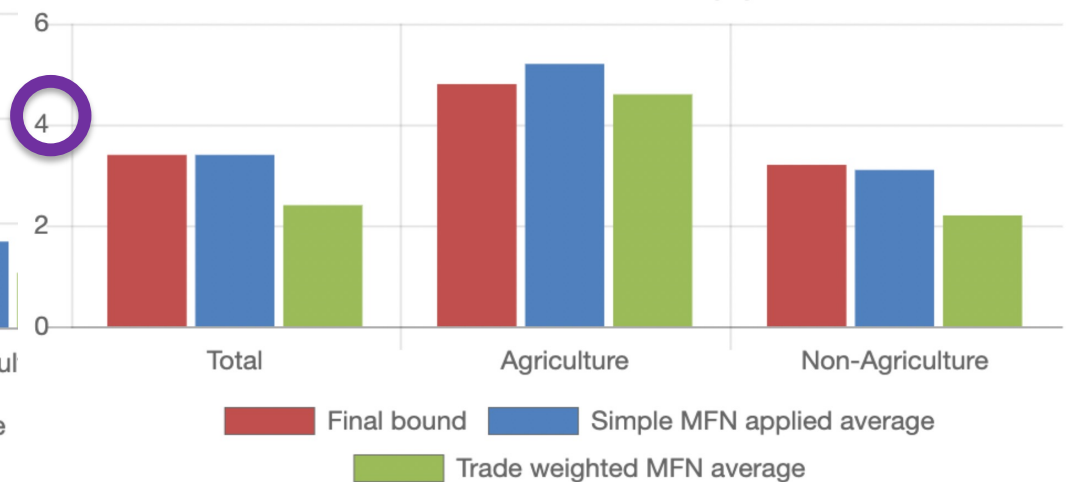
EU

Latest Tariff Statistics (%)



US

Latest Tariff Statistics (%)

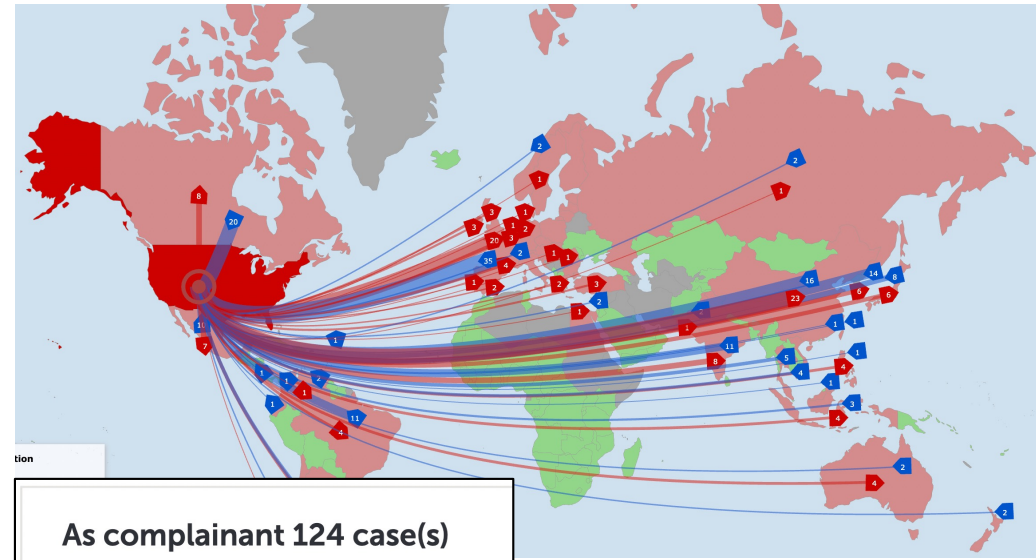


These look comparable until you note the scales.

Comparison of EU with US

EU

US



World Trade Organization

- Member
- Non-member
- Member concerned
- ▲ As complainant
- ▲ As respondent

As complainant 105 case(s)

As respondent 89 case(s)

As third party 211 case(s)

As complainant 124 case(s)

As respondent 156 case(s)

As third party 166 case(s)

Class 10: Policies and
Institutions: National, Other

European Union

- Disputes at WTO in 2020-21: Respondent Complainant
 - DS606: European Union — Provisional Anti-Dumping Duty on Mono-Ethylene Glycol from Saudi Arabia
 - In consultations on 17 August 2021
 - DS604: Russian Federation — Certain Measures Concerning Domestic and Foreign Products and Services, EU
 - In consultations on 22 July 2021
 - DS600: European Union and certain Member states — Certain measures concerning palm oil & biofuels, Malaysia
 - Panel composed on 30 July 2021
 - DS595: European Union — Safeguard Measures on Certain Steel Products, Turkey
 - Panel composed on 30 September 2020

Pause for Discussion

Questions

On Jackson:

- What are the six entities that play constitutional roles in the European Community?

On “EU in Brief”:

- What does the “single market” entail?
- What are the three entities through which EU citizens and members states are represented?
- Why and when did it change its name from EEC to EU?

Questions on EC DG-Trade “Policy Making”

- What sorts of policy are the “exclusive power of the EU,” meaning that they cannot be done by member states individually?
- 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?

Questions on Pronczuk & Ewing

- Who is the new European Commissioner for Trade, and what is his background?
- Who does he replace, and why?
- Is this position important?

Questions on *Economist*, “The Trade War Within”

- To what extent are EU countries largely free-traders?
- 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?
- What are the 3 levels of EU GSP and what do they mean?
- What is meant by the need for “reciprocity”?

Outline

- European Union
- **Japan**
- China
- Other

Japan

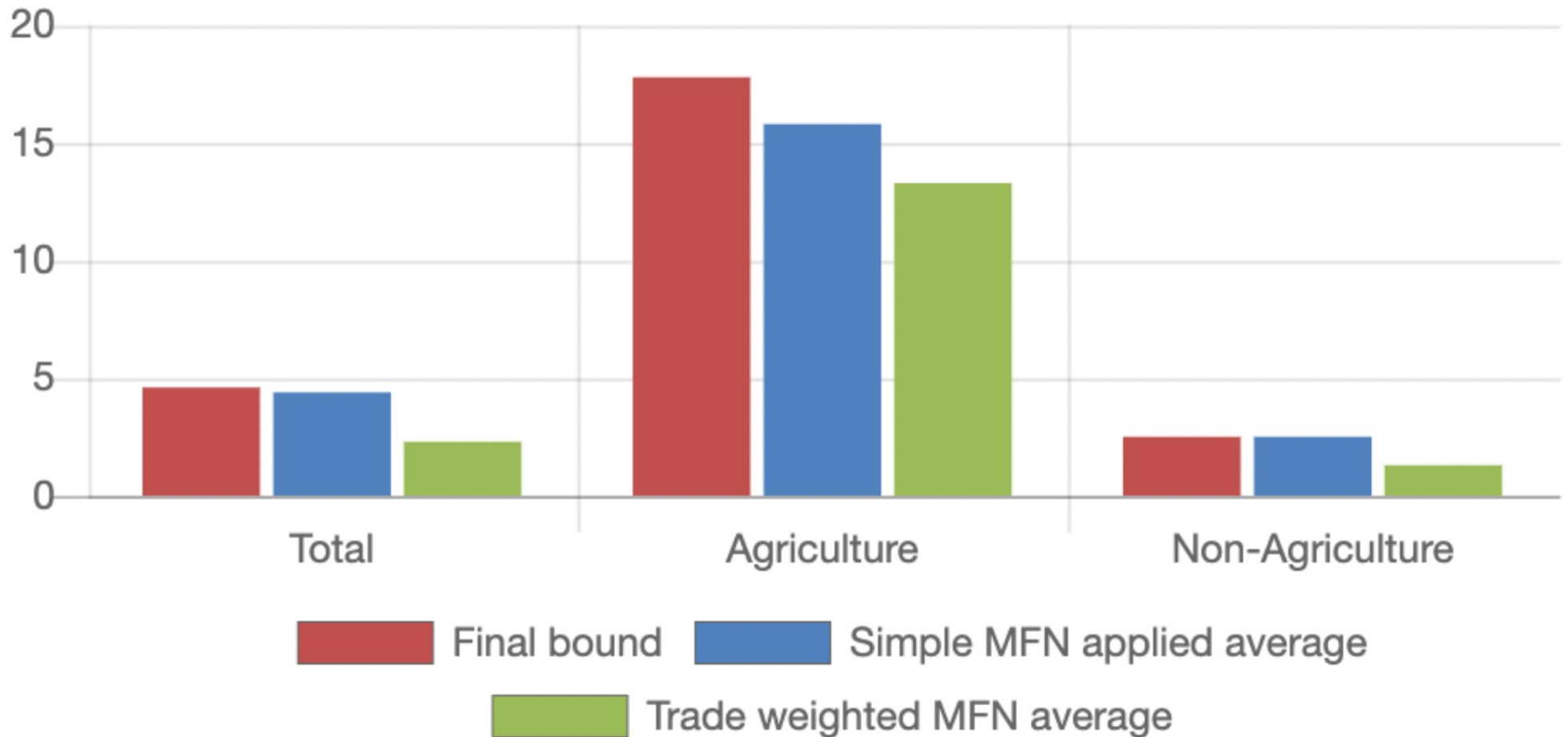
- Portions of government dealing with trade
 - METI = Ministry of Economy, Trade, and Industry
 - Previously MITI, Ministry of International Trade and Industry
 - MAFF = Ministry of Agriculture, Forestry, and Fisheries
 - Handles all agriculture trade (with high tariffs)
 - MOFA = Ministry of Foreign Affairs

Japan

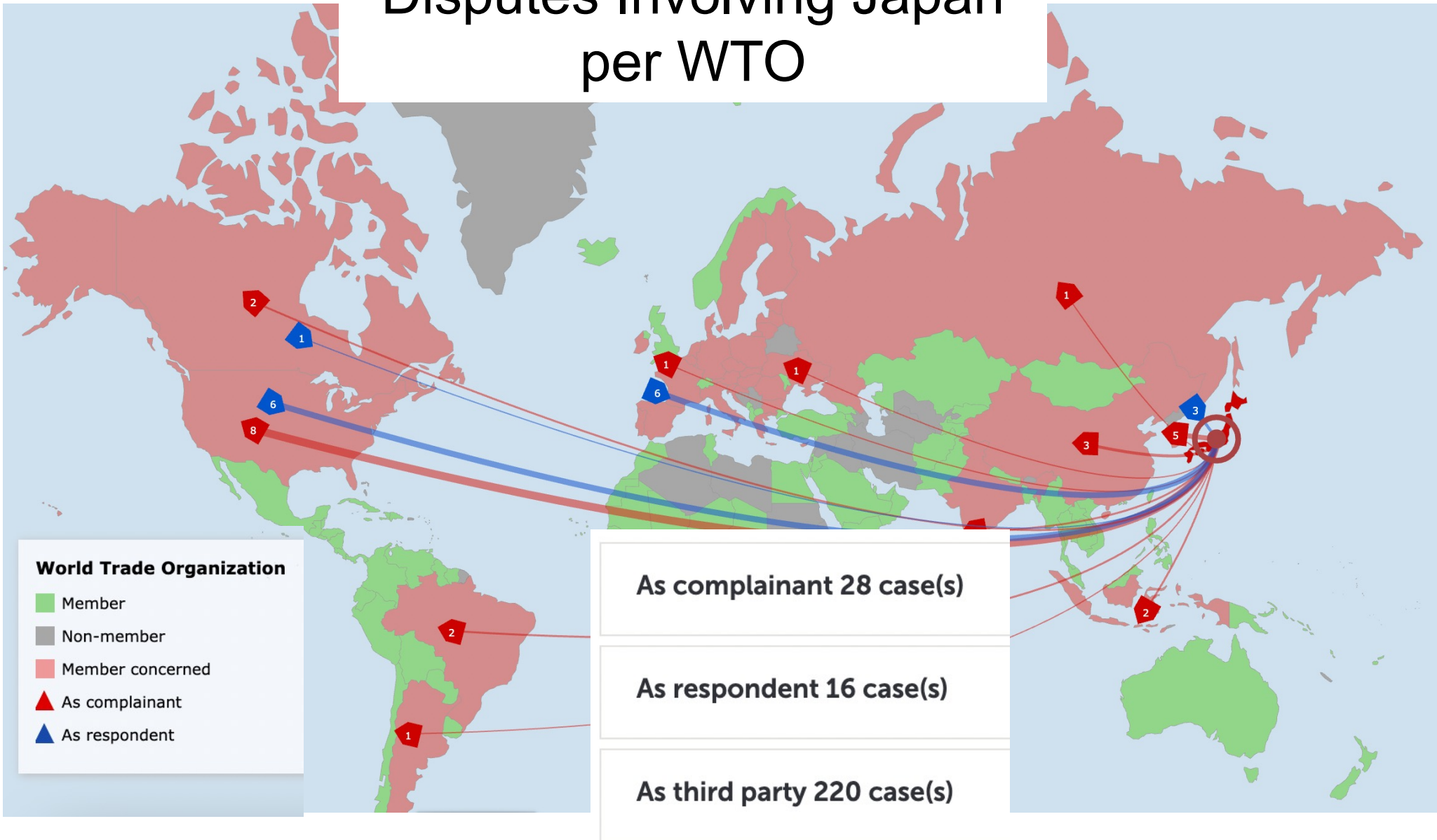
- Japan's trade disputes
 - Most serious recent dispute has been with South Korea
 - 2018: S.K. Supreme Court ordered reparations from 2 Japanese companies for WWII forced labor.
 - S.K. also continues concerns about WWII “comfort women”
 - 2019: Japan tightened export controls to S.K. and dropped S.K. from its “white list” for “fast-track exports”
 - S.K. cancelled military intelligence sharing
 - 2-way trade dropped 41%
 - Foreign Ministers met 9/23/21, but have not yet resolved the issues.

Japan Tariffs per WTO

Latest Tariff Statistics (%)



Disputes Involving Japan per WTO



Japan

- Disputes at WTO in 2020-21: Respondent Complainant
 - DS601: China — Anti-Dumping measures on stainless steel products from Japan
 - In consultations on 11 June 2021
 - DS594: Korea — Measures Affecting Trade in Commercial Vessels (second complaint) (Japan)
 - In consultations on 31 January 2020

Pause for Discussion

Questions

From Jackson:

- Why is Japan a less complicated country than the US and EU for understanding its interaction with international trade law and negotiations?

From METI:

- What is METI's "general rule"?
- What are some of the exceptions to free trade that they base their trade controls on?
- What are some of the things that METI does?

Questions on Japan's “Trade Policy Review 2020”

- What seem to be the biggest changes in trade policy during the 2017-20 period reported here?
- Which sectors are the largest in Japan?
- How large are Japan's tariffs?
- Does Japan use tariff-rate quotas?
- What change has Japan made that may be most criticized by others?

Outline

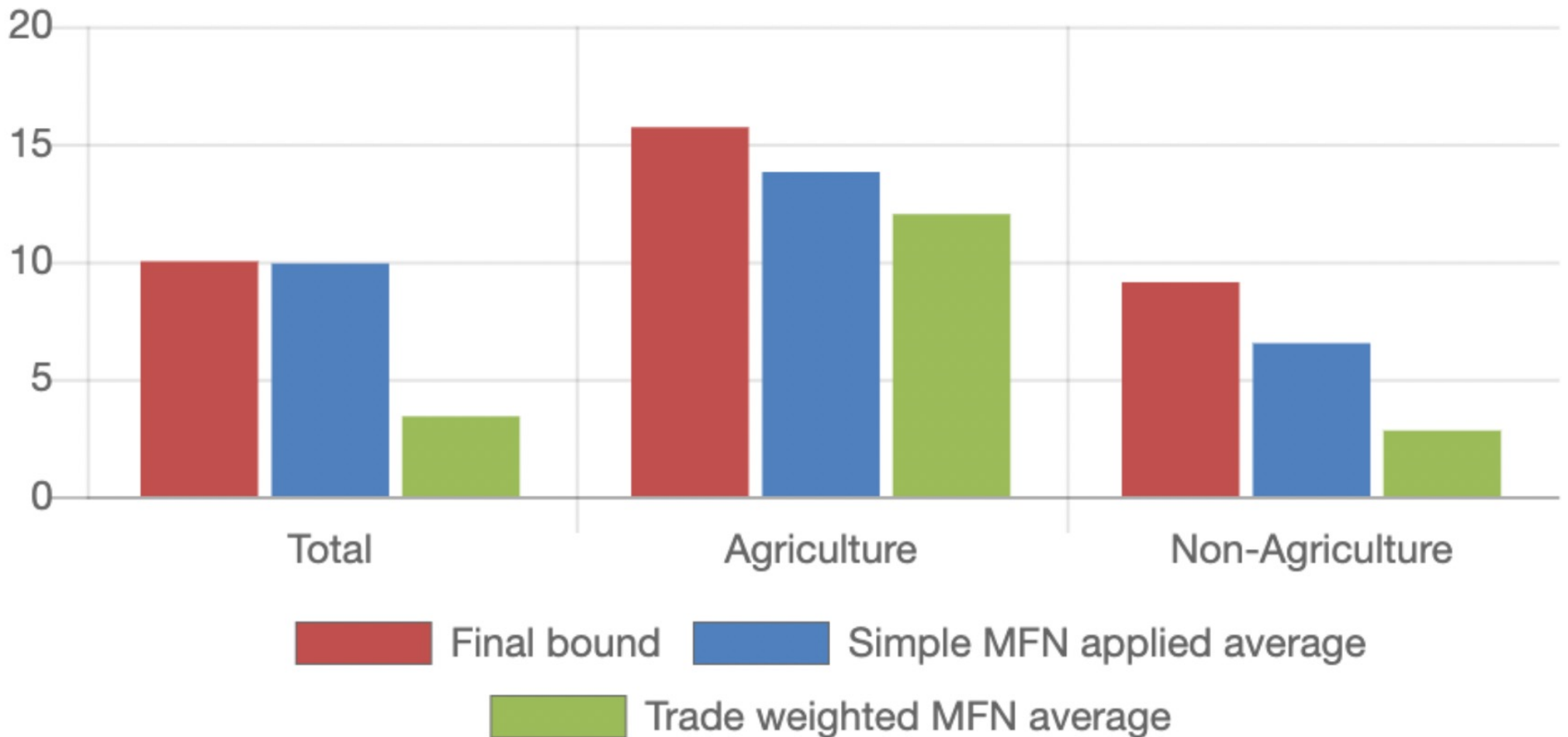
- European Union
- Japan
- **China**
- Other

China

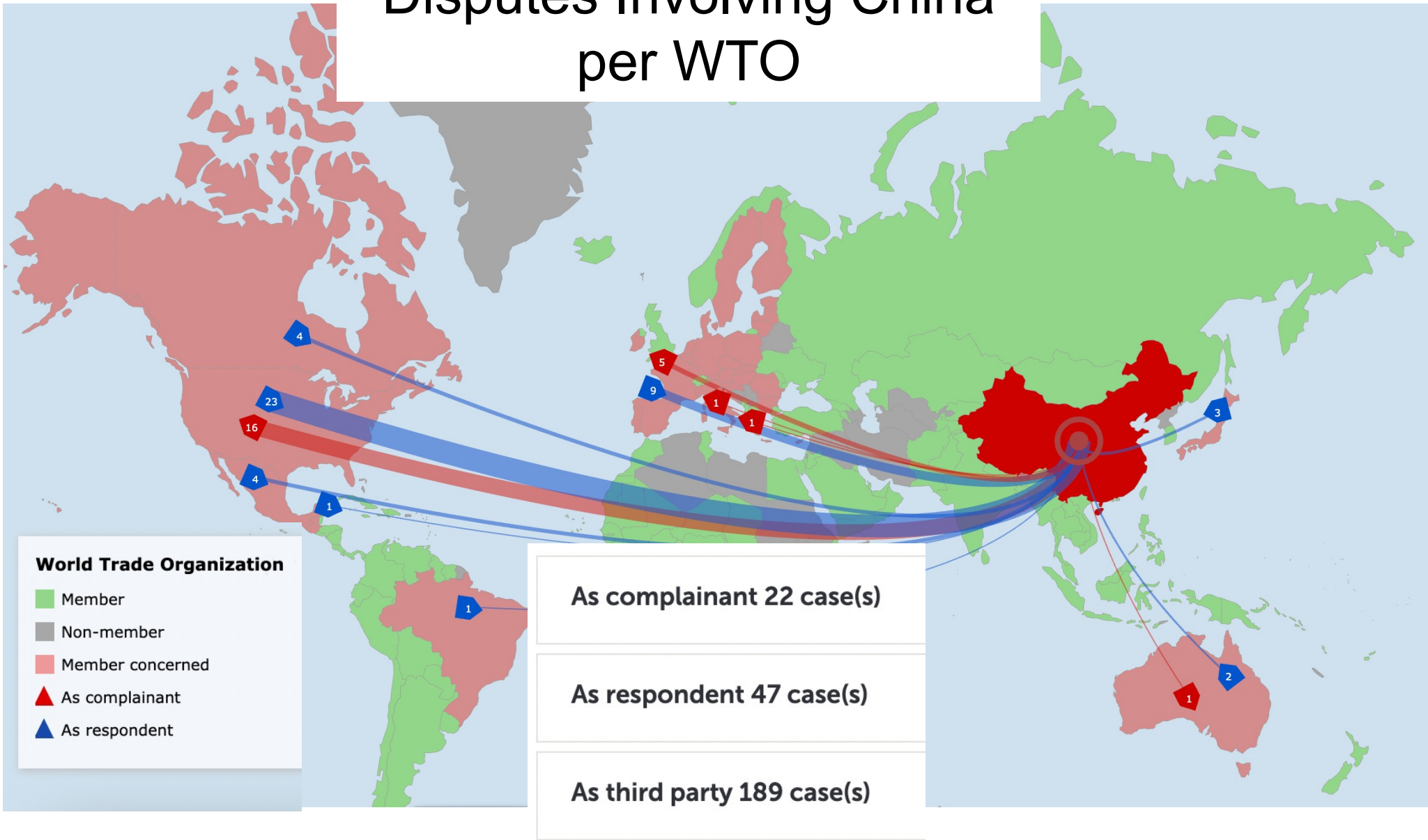
- Part of government dealing with trade
 - MOFCOM = Ministry of Commerce
 - Mission: To draft the laws and regulations governing foreign trade

China Tariffs per WTO

Latest Tariff Statistics (%)



Disputes Involving China per WTO



China

- Disputes at WTO in 2020-21: Respondent Complainant
 - DS603: Australia — Anti-Dumping and Countervailing Duty Measures on Certain Products from China
 - In consultations on 24 June 2021
 - DS602: China — Anti-Dumping and Countervailing Duty Measures on Wine from Australia
 - In consultations on 22 June 2021
 - DS601: China — Anti-Dumping measures on stainless steel products from Japan
 - In consultations on 11 June 2021
 - DS597: United States — Origin Marking Requirement (from Hong Kong, China)
 - Panel composed on 29 April 2021

Pause for Discussion

Questions on China's “Trade Policy Review 2018”

- How had (as of this 2018 report) China's GDP growth rate changed? How had its current account surplus changed?
- Did the government intend to eliminate State Owned Enterprises?
- How, if at all, does China manage inward foreign direct investment?
- Does China require technology transfer by foreign investors?

Questions on “Trade Policy Review 2018” continued

- How high are China’s tariffs?
- What is China’s policy regarding trade in garbage (solid waste)?
- What other forms of trade policy does China have besides tariffs?

Outline

- European Union
- Japan
- China
- **Other**

Other

- United Kingdom
 - Department for International Trade
 - Minister of State for Trade: Penny Mordaunt since September 2021
 - Trade Secretary: Anne-Marie Trevelyan since September 2021
 - “Secretary of State for International Trade”
 - UK Trade Remedies Authority
 - Handles AD, CVD, and Safeguards



Other

- Australia
 - Minister for Trade, Tourism and Investment
 - Senator the Hon Dan Tehan since 2020
 - Anti-Dumping Commission
 - Handles ADD & CVD



Other

- Switzerland
 - Federal Department of Economic Affairs, Education and Research
 - Headed by Guy Parmelin since 2019
 - (Now also President)
 - Does not use ADD, CVD, safeguards, or quotas
 - Has many FTAs, including with EU



Other

- South Korea
 - Ministry of Trade, Industry, and Energy
 - Minister: Moon Sung Wook
 - Since May 2021
 - Minister for Trade: Yeo Han-koo
 - Since August 2021



Other

- Trade Ministers:
 - Afghanistan: Ministry of Commerce and Industry, Anwar-Ul-Haq Ahady 2010-21
 - Argentina: Ministry of Productive Development, Matías Kulfas since 10 Dec 2019
 - Indonesia: Ministry of Trade, Muhammad Lutfi since 2020
 - Dominican Republic: Minister of Foreign Affairs, Roberto Álvarez Gil

