

Questions for PubPol/Econ 541
Sep 4

**The State of Play in International Trade and Trade Policy II:
Other**

KOM, Chs. 1-2:

- How much has trade grown over time, and why? (The book doesn't say a lot about why, but you should think about it.)
- Who gains from trade? All countries? All people within a country?
- What does the Gravity Model say that trade between two countries depends on? Why is the model useful?
- Do national borders interfere with trade?
- Why is trade in services growing?

BREXIT:

Kirkegaard, "The Brexit agreement: An economic guide for the perplexed," 2021.

- What UK objectives are mentioned here as having been achieved by the agreement?
- What aspects of UK-EU interactions will be adversely affected by the agreement?
- What is the relevance of "rules of origin"? Of "minimal processing requirements"?
- Is the UK now free to make its own regulations?

Colchester, Max and David Luhnnow, "As Britain Gears Up for an Election, No One Is Talking About Brexit," *Wall Street Journal*, June 15, 2024.

- What adverse effects of Brexit on the UK are mentioned here? What part of the population thinks Brexit was worth the costs?
- Which party caused Brexit?
- Why doesn't the Labor Party argue to reverse Brexit. Was its leader, Keir Starmer, in favor of it?
- If it wanted to, could the UK just re-enter the EU on the same terms as before?
- Is there any political party in the UK campaigning to rejoin the EU?

Optional to Read:

Economist, "The story of a divorce: How Brexit happened," 2021.

- Why was the UK always more ambivalent about being in the EU than the continental countries?
- What role did immigration play in the decision to leave?
- How did the leavers and remainers compare in numbers and locations?
- What was the problem with the referendum's "binary choice"?

- What has been the most difficult issue to resolve and what was done?

Economist, "Brexit and Northern Ireland: Explaining What Is in the Windsor Framework," *the Economist*, June 27, 2023.

- What was disliked in the Northern Ireland Protocol, and by whom especially?
- How do “green lanes” help to fix this?
- Are there any products that were banned before that now are permitted to trade? How is the role of the European Court of Justice changed?
- What is the Stormont Brake?
- Does this “remove any sense of an Irish Sea border?”

CHINA TRADE ACTIONS:

White, Edward, “China bans export of rare earth processing technologies,” *Financial Times*, December 21, 2023.

- Is China banning the export of rare earths?
- Why is it doing this?
- What has the US done to China that is mentioned here?
- How important is China in the rare earths industry?
- How has the market for rare earths changed and is likely to change?

Winning, David, “China to Lift Tariffs on sn Wine, as Frosty Relations Thaw,” *Wall Street Journal*, March 28, 2024.

- When and why did China raise tariffs on Australian wine?
- How did Australia’s wine trade respond?
- What prompted this removal of the tariffs?
- Do other frictions between China and Australia remain? Is China dropping other trade policies against Australia that started at the same time?

Huang, Jiahui, “China to Impose Export Controls on Aviation Equipment, Technology,” *Wall Street Journal* , May 30, 2024.

- When will these new controls go into effect?
- What products do they cover?
- Is this a ban on exports or a tax on exports?
- Is it targeted at US?

RUSSIA SANCTIONS:

Bown, Chad P. “Russia's war on Ukraine: A sanctions timeline,” Realtime Economic Issues Watch, Peterson Institute for International Economics, June 14, 2022, last updated June 21, 2023.

- What prompted the sanctions to start and when?
- What are some of the countries that announced that they would not use sanctions on Russia?

- What were the most recent actions reported here, and by whom?

Sanger, David E., Alan Rappeport, Edward Wong, and Ana Swanson, “U.S. Expands Sanctions on Russia as G7 Leaders Gather,” *New York Times*, June 12, 2024.

- Are the new sanctions targeted directly at US trade with Russia?
- Has China participated in sanctions against Russia?
- What did President Biden expect the original sanctions (in 2022) to do? Did they?
- How important is China for Russia’s imports of machine tools and microelectronics?

Optional to Read:

Funakoshi, Minami, Hugh Lawson, and Kannaki Deka, “Tracking sanctions against Russia,” *Reuters*, March 9, 2022, updated July 7, 2022. Read “Sanctions by Countries” only, pp. 1-11.

- Are sanctions reported by any poor countries or from Africa or Latin America?
- What are the most common targets of sanctions?

OTHER DISPUTES AND ACTIONS:

EU Carbon Tariff:

Hancock, Alice and Harry Dempsey, "Aluminium Companies Complain About EU Carbon Border Tax Loophole," *Financial Times*, July 9, 2023.

- What is CBAM?
- What is the loophole that aluminum producers are complaining about?
- What are some other concerns and might they apply more broadly than aluminum?
- Will CBAM go into effect, and if so when and how?

Mooney, Attracta, “US examines carbon pricing on imports, climate envoy says,” *Financial times*, July 1, 2024.

- Who is quoted here, and what is his role in the US government?
- What is said to be the purpose of any policy?
- Is this a response to any policy by US trading partners?
- What products are of most concern? Which political party in the US is calling for this?
- How does the US compare to others in the carbon intensity of our production?
- Does China have any policy to limit carbon emissions?

Optional to Read:

Financial Times Editorial Board, "The EU's Pioneering Carbon Border Tax," *Financial Times*, January 11, 2023.

- What does CBAM plan to do?
- What is "carbon leakage," and how would CBAM stop it?
- What are its purposes?
- What are some objections to CBAM?
- How might companies avoid the tax in ways that undermine its benefits?

Shipping Disruptions:

Financial Times Editorial Board, "Global trade shudders over blockages in the Suez and Panama canals," *Financial Times*, December 20, 2023.

- What is interfering with shipping through the Red Sea?
- Why does this raise the cost of shipping?
- What is limiting traffic through the Panama Canal? Does this say why this is happening?
- Are these disruptions as bad as the pandemic?

Optional to Read:

Lerman, Rachel, Hannah Dormido, Jeanne Whalen, Luis Melgar, and Laris Karklis, "See how the Key Bridge collapse will disrupt the supply of cars, coal and tofu," March 27, 2024 at 8:15 a., *Washington Post*, March 27, 2024.

- Is the Port of Baltimore, closed by the bridge collapse, the largest in the US?
- Is it largest for any one product?
- Is there any form of ocean transport that it does not serve?
- Why have East Coast ports been growing in importance?

Forced labor import ban:

Swanson, Ana, "U.S. Bans Imports From 3 Chinese Companies Over Ties to Forced Labor," *New York Times*, June 11, 2024. [3p]

- What US law caused this list to be created, and when?
- How many Chinese companies are on the list, and when were most of them added?
- Where in China does it use policies that the US regards as forced labor?

EU Deforestation import ban:

Economist, “The forest for the trees: How EU do-goodery risks harming Africa’s small farmers,” *The Economist*, July 4, 2024.

- What does the EU’s new “deforestation regulation” do?
- When does it go into effect?
- Why is this a problem, and for whom?
- What challenge does this create for supply chains?
- Is the EU helping with this problem?
- Is there an alternative approach to this problem?

Vietnam market-economy status:

Lakshmi, A. Anantha, “US rejects Vietnam’s bid for ‘market economy’ status in blow to trade ties,” *Financial Times*, August 3, 2024.

- Does this explain how market-economy status matters?
- What does Vietnam do that this says should deprive it of market-economy status?
- Is it only the US that classifies Vietnam as a non-market economy?
- Who in the US made this decision, and on what basis?
- Was this a partisan issue in the US?

EU-MERCOSUR FTA:

Pooler, Michael, Andy Bounds, and Ciara Nugent, “EU inches closer to trade deal with South America,” *Financial times*, August 6, 2024.

- How many countries will be in this FTA if it succeeds?
- When was agreement reached “in principle” to do this?
- What countries in the EU currently object to this? Is that enough to stop it?
- What are some of the concerns in the EU?
- What are some of the concerns in the MERCOSUR countries?

