

America's Changing Global Role Trade policy

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Overview

- U.S trade politics to East Asia – Michal Sojka
- United States trade policy to Latin America's states – Tomáš Lalkovič
- Trade balance of US – Pavla Pitruchová



U.S trade politics to South-East Asia

Michal Sojka

Overview

- Past and evolution up to recent time
- Current development
- Possible future development
- How should U.S. act?

Past and evolution up to recent time

- False assumptions about Chinese economic development
 - X continued market reform
 - X opening its market
 - U.S. did not anticipate China to become trade power so rapidly
- China: U.S.'s largest merchandise trading partner; third-largest export market; biggest source of imports
- Globalisation: interconnected economies
 - Sequential manufacturing processes
 - Multidimensionality – beside merchandise trade also possible investments into trust companies, financial leasing, auto finance and consumer finance

Current development

- Trump's sharp reversal of the historical U.S. role in trade area
 - Rejection of TPP - (Trans-Pacific Partnership) and renegotiation of KORUS - (U.S.-Korea Free Trade Agreement)
- D.Trump's interest to reach balanced deficit
- Trade policy:
 - Negotiating Better Trade Deals
 - Aggressive Enforcement of U.S. Trade Laws
 - Reforming the Multilateral Trading System: China described as a marked distorting country
 - Main principle: America first, but expressing willingness to cooperate with like-minded countries in order to build an prosperous global economic system
- Risks of bicameral agreements – e.g. Indonesian pal oil, decrease of U.S. working places



Possible future development

- D. Trump's trade policy effects to:
 - U.S. economy -> societal response:
 - Positive: societal support for such approach -> possible re-election -> continuity -> creating functioning „new normal“ or semi-anarchy
 - Negative: societal support dependent on interpretation -> possible re-election or D.T. leave -> any option ☺
 - East-Asian trade architecture -> implications for E-A trade relations:
 - China and its neighbours: Japan, Korea, Vietnam, Indonesia etc.
 - Long-term horizon: advantage, or disadvantage for EU, Russia etc.? -> declining or strengthening position of U.S. in the region

How should U.S. act?

- According to an aim – whether would (or should) be relevant „America first“ approach or extended „U.S. National interest“
 - If „America First“ approach: to ensure stable, strong and beneficial position in the E-A trade area -) either diplomacy (consensus) or power
 - If power = no leadership
 - If extended „U.S. National interest“: leadership based on generally-beneficial values BUT fixing current issues and preventing others
- Depends on position of three combining dimensions: altruism-egoism, rationality-irationality and limited A1.– enlightened A1.

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United States trade policy to Latin America's states

Tomáš Lalkovič

Overview

- The Past
- The Present
- Trends
- Solutions

Historical Role of the U.S.

- Primacy of the U.S. since 1820s
- The Big Brother policy 1880s
- Bilateral and plurilateral free trade agreements (FTAs)
 - NAFTA, CAFTA-DR, TPP and others
- Global value chains

Trade with Latin America

- The fastest growing partner (2014)
 - Mexico, Brazil
- U.S. trade deficit
 - Imports crude oil, semi-finished products, raw materials
 - Exports final products (petroleum, electronics...)
- Intra-regional trade relatively low
 - U.S. role?

Current Developments

- Trump
 - Withdrawal from TPP (NAFTA?)
 - LAC countries uncertain about their FTAs
 - Search for new partners



Donald J. Trump ✓
@realDonaldTrump

Sledovať



Thank you to Ford for scrapping a new plant in Mexico and creating 700 new jobs in the U.S. This is just the beginning - much more to follow

- Competition with China
 - U.S. trade still larger, China catching up
 - Chinese president on tour days after Trump's election
 - Infrastructure, energy, defense projects
 - Nicaraguan canal

Future of U.S. Policy

- U.S. withdrawal from important trade deals
 - China fills the vacuum - Security threat?
 - Economic influence = political

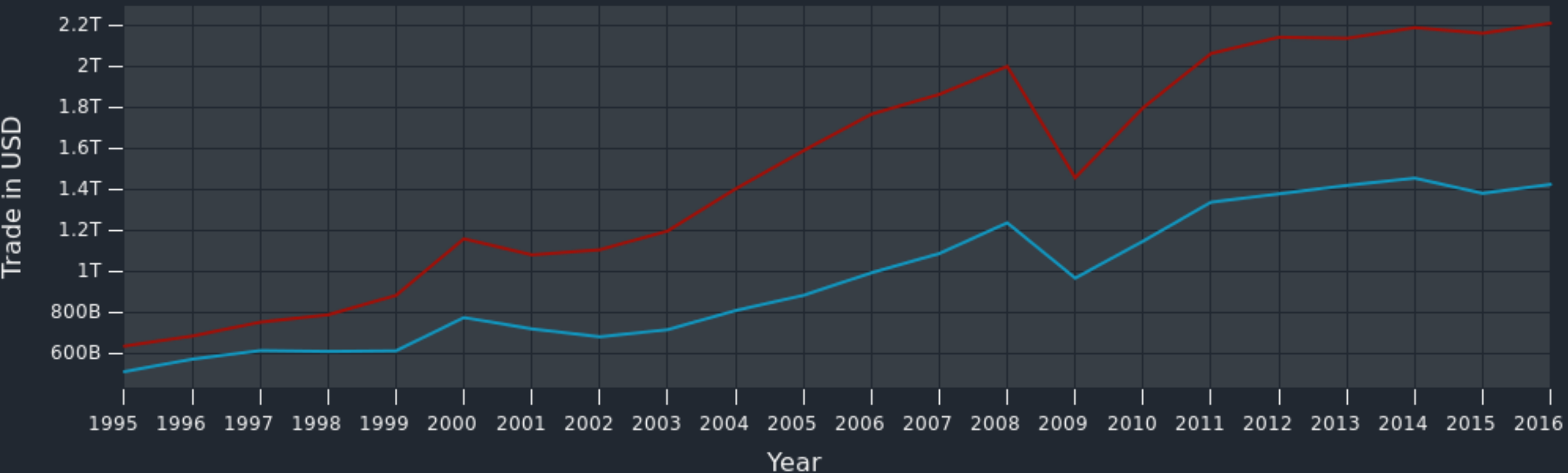
- U.S. leadership
 - Unification, liberalization
 - Region-wide FTAs
 - Friendly, open policy
 - Isolate China

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Trade balance of US

Pavla Pitruchová



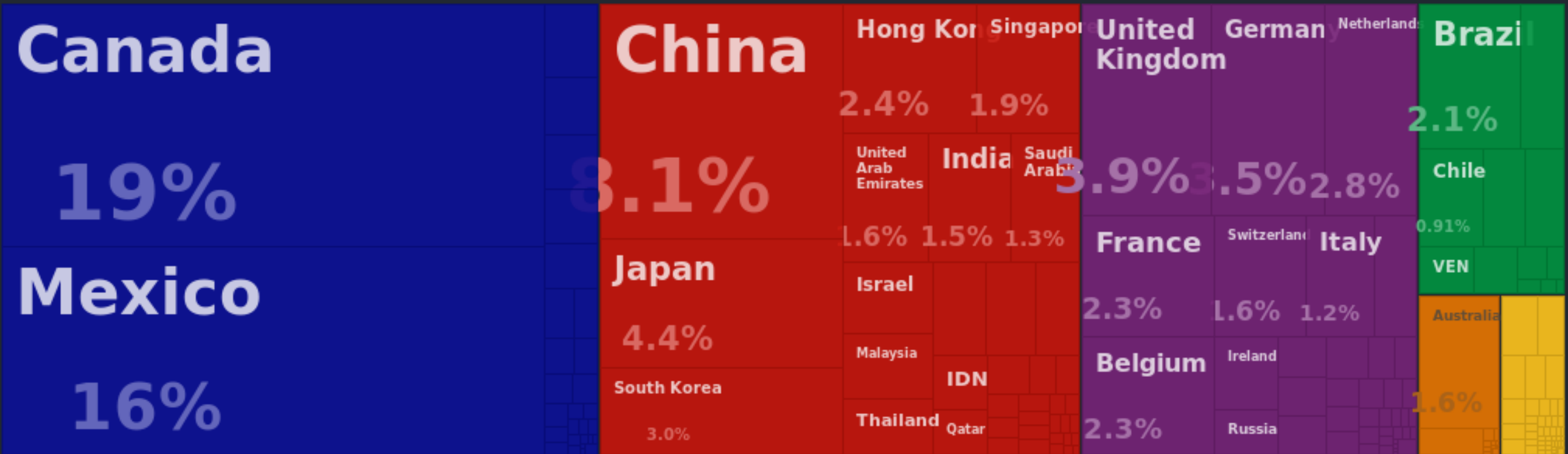
- goal of trade politics was : reduce difference between import and export
- strenghtening home economy
- applied globaly
- side damages
- neccesarry effect on EU, although EU region is not main reason

US-EU: EU view

“The European Union and the United States have **the largest bilateral trade** and investment relationship and enjoy the most integrated economic relationship in the world.”
(European Committee)

US-FDI: US view

Total: \$1.42T



Import Export Balance In Goods - millions of dollar

| Years | Exports | Imports | Balance |
|-------|-----------|-----------|------------|
| 2017 | 283,517.4 | 434,933.1 | -151,415.6 |
| 2016 | 269,616.6 | 416,376.9 | -146,760.3 |
| 2015 | 271,879.5 | 427,536.7 | -155,657.3 |
| 2014 | 276,274.4 | 420,608.8 | -144,334.4 |
| 2013 | 262,095.3 | 387,510.4 | -125,415.0 |
| 2012 | 265,372.5 | 381,755.4 | -116,382.9 |
| 2011 | 269,068.7 | 368,463.9 | -99,395.2 |
| | | | |

- without important changes in balance
 - slowly growing trends
 - US- EU trade like more diplomatic than economic issue
 - Is it possible to win trade war? Partnership vs. Business
-
- both positions aren't equal
 - importance of import for US
 - Eu profit, but dependency is obvious

Obama

American Recovery and Reinvestment Act of 2009

- primary objective was to save existing jobs and create new ones as soon as possible
 - “Buy American” again
 - idea 1933, Hoover
-
- crisis was global, not only US problems

Transatlantic Trade and Investment Partnership TTIP

- ““The EU and the US would like to inform the WTO Secretariat that on 8 July 2013 we started the negotiations for the EU-US Transatlantic Trade and Investment Partnership (TTIP). “
 - 2016 : “Obama says EU and U.S. must move forward with TTIP”
 - 2018: under negotiations...
-
- first priority is protection US economic, then relations with EU

Trump

- duty, import restriction, trade barriers (steel 25% and 10% aluminium)
- "Today I'm defending America's national security by placing tariffs on foreign imports of steel and aluminium," he said in the White House on Thursday (8 March) surrounded by US steel workers.
- before 23 March exception
- negative effect on both (economic laws work under expectations, home production is expensive)
- EU is close ally
- risk of losing strategic industry (EU- Germany, Italy, Sweden)

Protection of domestic market vs. benefits of free market?

Support home production vs. partnership and cooperation?

“YES”

What should be?

- Successful finishing of treaty
- Leave ad hoc negotiations with EU, find long term partnership
- Support US-EU Transatlantic trade area (and its importance) with bigger obligation than just speeches.

Why?

- Trade wars doesn't work, it isn't possible be a winner
- EU import is important, not threatening
- It is useful to have a partner (in competition with China)

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Thank's for your attention