

PubPol/Econ 541

Class 10

Policies and Institutions: National, Other

by

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Announcement

- Quizzes

- Results:

	Q1	Q2	Q3	Q4
Mean	8.74	7.10	6.70	8.40
Median	9	7	6.5	8.5
Max	10	10	10	10
Min	5.5	2	3	5
S.D.	1.20	1.75	2.02	1.47

- Note: We do have a quiz this week, like all weeks.

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
 - 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 (and E. Germany 1990)

As of
1990



European Union

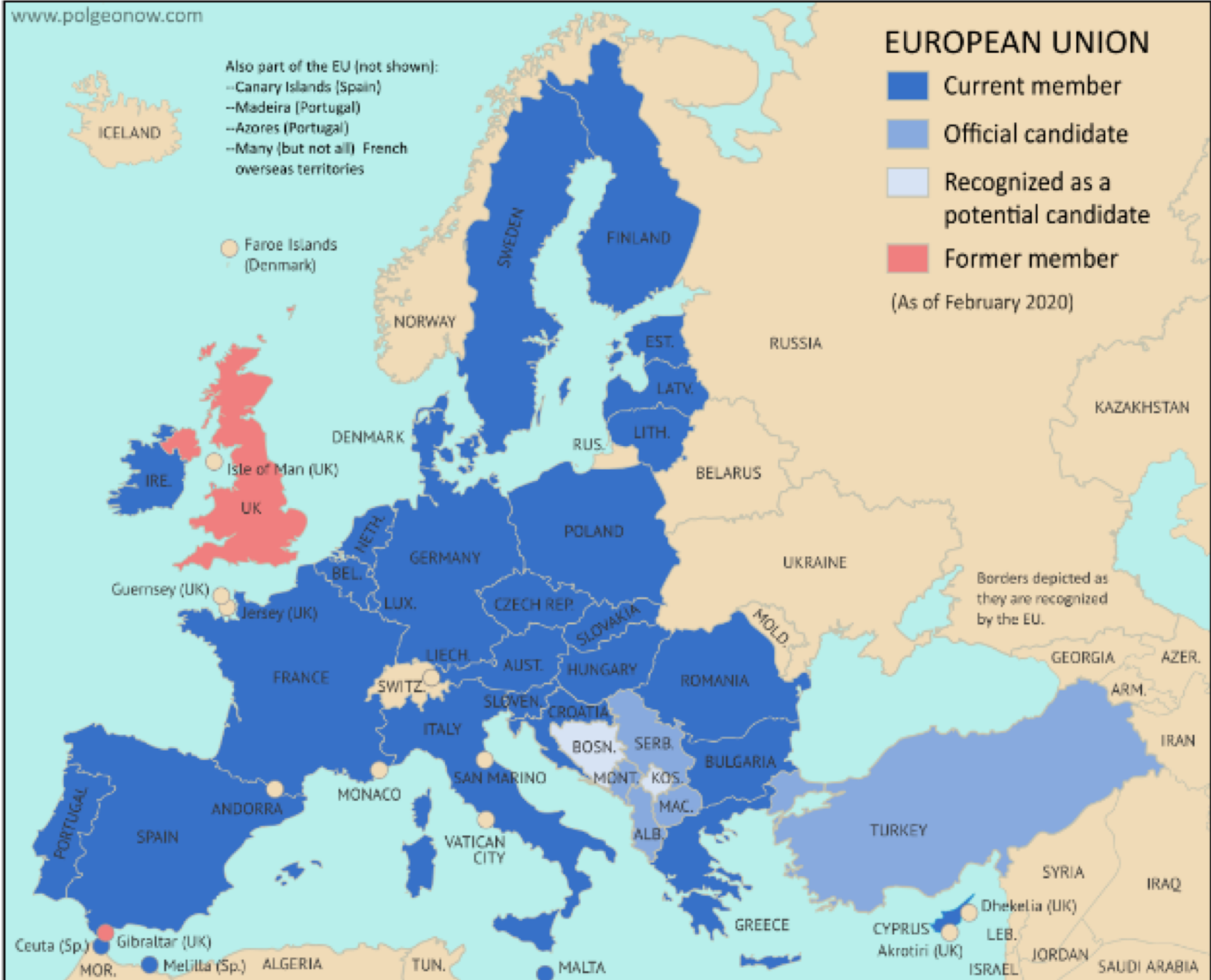
- History
 - Europe 1992: Treaty on European Union, signed Feb 7, 1992, in Maastricht, Netherlands
 - “Four Freedoms” became reality: free movement of goods, services, people, and money
 - Set rules for single currency
 - 1995: Added Austria, Finland, Sweden
 - 2004: Added 10 more: 8 from former Soviet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

As of
2020



European Union

- The EU today
 - 27 Countries
 - Note who is not in
 - UK
 - 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
 - Heads of national governments, expressing their national interests
 - Presidency rotates among member states every six months
 - Not a person, but a country. Currently Germany.
 - Though a person has title President, and runs meetings
 - European Commission
 - 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't 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, 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)

Pause for Discussion

Questions

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

- 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 *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”?

Questions on Brunsden “EU revokes...Cambodia”

- What is EBA?
- Why did the EU raise tariffs on Cambodia?
- How much trade is now subject to tariffs, and at what levels?
- What is the EU’s worry about doing this?
- What is the relevance of the EU’s FTA with Vietnam?

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

Pause for Discussion

Questions

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

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

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- Japan
- China
- **Other**

Other

- Australia
 - Minister for Trade, Tourism and Investment
 - Senator the Hon Simon Birmingham since 2018
 - Anti-Dumping Commission
 - Handles ADD & CVD



Other

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



Other

- Trade Ministers:
 - Afghanistan: Ministry of Commerce and Industry, Anwar-Ul-Haq Ahady since 2010
 - Argentina: Ministry of Productive Development, Matías Kulfas since 10 Dec 2019
 - Indonesia: Ministry of Trade, Agus Suparmanto
 - Dominican Republic:
 - Ministry of Foreign Affairs, Roberto Álvarez Gil
 - Ministry of Economy, Planning, and Development, Miguel Ceara Hatton

