

New Globalism

the emergence of a new globalism with economic groupings as key players

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Note1: This academic paper consists of material written by the author and from credible sources such as international organizations for delineation of functions and policies and official statements of policies which are stated as they are, with appropriate citation; the analysis and conclusions are from the author. The main purpose of the paper is to foster thinking as a basis for constructive action by political and business leaders. The related purpose is to provide material for education.

Note2: this paper was presented to CASA 2018 on January 6, 2018; it has since been updated to include recent developments including DAVOS 2018 which shows clearly the new globalism emerging illustrating both the premises and conclusions of this paper.

Note3: I would like to express my deep gratitude to my brother Sam Owarish and my colleague Jack Radifera both for their constructive support and inputs and encouragement.

Introduction

Countries interrelate with each other for mutual beneficial purposes. In addition to cooperation, there is competition and conflict, the former has to be free and fair and the latter has to be dealt with in agreed upon ways. Negotiation is a key factor. Most of the current world economic systems are largely built on the Bretton Woods Agreement; a few follow the socialist doctrine largely revised in the recent years. There is no pure capitalist system just as there is no pure socialist system, most systems can be characterized as mixed-economies. The US played a key role in fostering globalization in the post World War 2 era from establishing the IMF, World Bank and GATT then WTO to promoting increased cooperation among countries. In this context globalization means removing trade and investment barriers at the global level through negotiation first in GATT then by its replacement i.e. the World Trade Organization (WTO) and at the regional level through specific agreements in groupings; in addition there are agreements at the bilateral level. Globalization also means facilitating the flow of factors of production among countries. Size of a country matters as well as its economic geography. Country-wise the US is still the leading economy of the world followed closely by China which is poised to takeover the lead. The new US Administration was elected on a platform of America First becoming more inward looking and challenging both regional and bilateral trade agreements; the UK adopted the so-called BREXIT. On the other hand, China is becoming increasingly outward looking same as several countries in Asia with Japan maintaining and expanding its global orientation. A new globalism is thus emerging. Economic groupings have been playing a key role in this context. Countries in Europe have been involved in economic cooperation then

in economic integration and as a result the EU today is an economic grouping larger than the US. ASEAN is another illustration of economic grouping and ASEAN plus three is emerging as a key global player. Another emerging grouping is BRICS. The OIC launched its own grouping initiative. Latin America has several key economic groupings and Africa as well. The world is changing. TPP is considered a curse by some and a blessing by others. A New Silk Road is underway. An issue of The Economist was devoted to the so called 'Retreat'. So, all in all, a new globalism is emerging. This study will look at how globalization changed the world and how it is now itself undergoing a process of transformation.

The Bretton Woods Agreement

After WW2 the US took the initiative to call a conference which led to the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development (IBRD) which became the World Bank, facilitating international monetary and financial transactions among countries of the world setting the foundation for a new world order fostering globalization.

Brief history

"The IMF has played a part in shaping the global economy since the end of World War II. Cooperation and reconstruction (1944–71)

As the Second World War ends, the job of rebuilding national economies begins. The IMF is charged with overseeing the international monetary system to ensure exchange rate stability and encouraging members to eliminate exchange restrictions that hinder trade.

The end of the Bretton Woods System (1972–81)

After the system of fixed exchange rates collapses in 1971, countries are free to choose their exchange arrangement. Oil shocks occur in 1973–74 and 1979, and the IMF steps in to help countries deal with the consequences.

Debt and painful reforms (1982–89)

The oil shocks lead to an international debt crisis, and the IMF assists in coordinating the global response.

Societal change Eastern Europe and Asian Upheaval (1990-2004)

The IMF plays a central role in helping the countries of the former Soviet bloc transition from central planning to market-driven economies.

Globalization and the Crisis (2005 - present)

The implications of the continued rise of capital flows for economic policy and the stability of the international financial system are still not entirely clear. The current credit crisis and the food and oil price shock are clear signs that new challenges for the IMF are waiting just around the corner."

"Original aims:

- promote international monetary cooperation;
- facilitate the expansion and balanced growth of international trade;
- promote exchange stability;

assist in the establishment of a multilateral system of payments; and make resources available (with adequate safeguards) to members experiencing balance of payments difficulties.”

“The IMF, also known as the Fund, was conceived at a UN conference in Bretton Woods, New Hampshire, United States, in July 1944. The 44 countries at that conference sought to build a framework for economic cooperation to avoid a repetition of the competitive devaluations that had contributed to the Great Depression of the 1930s.

The IMF's responsibilities: The IMF's primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries (and their citizens) to transact with each other. The Fund's mandate was updated in 2012 to include all macroeconomic and financial sector issues that bear on global stability.”

(source: IMF www.imf.org)

Function

“The International Monetary Fund is an international organization headquartered in Washington, D.C., with 189 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. Formed in 1944 at the Bretton Woods Conference primarily by the ideas of Harry Dexter White and John Maynard Keynes, it came into formal existence in 1945 with 29 member countries and the goal of reconstructing the international payment system. It now plays a central role in the management of balance of payments difficulties and international financial crises. Countries contribute funds to a pool through a quota system from which countries experiencing balance of payments problems can borrow money. As of 2016, the fund had SDR477 billion.”

(source: Wikipedia)

The IMF at a Glance (October 13, 2017)

(source: www.imf.org)

The International Monetary Fund, or IMF, promotes international financial stability and monetary cooperation. It also facilitates international trade, promotes employment and sustainable economic growth, and helps to reduce global poverty. The IMF is governed by and accountable to its 189 member countries.

Founding and mission: The IMF was conceived in July 1944 at the United Nations Bretton Woods Conference in New Hampshire, United States. The 44 countries in attendance sought to build a framework for international economic cooperation in order to avoid repeating the competitive currency devaluations that contributed to the Great Depression of the 1930s. The IMF's primary mission is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries and their citizens to transact with each other.

Surveillance: In order to maintain stability and prevent crises in the international monetary system, the IMF monitors member country policies as well as national, regional, and global economic and financial developments through a formal system known as surveillance . The IMF provides advice to member countries and promotes policies designed to foster economic stability, reduce vulnerability to economic and financial crises, and raise living standards. It also provides periodic assessments of global prospects in its World Economic Outlook , of financial markets in its Global Financial Stability Report , of public finance developments in its Fiscal Monitor , and of external positions of largest economies in its External Sector Report , in addition to a series of regional economic outlooks.

Financial assistance: Providing loans to member countries that are experiencing actual or potential balance-of-payments problems is a core responsibility of the IMF. Individual country adjustment programs are designed in close cooperation with the IMF and are supported by IMF financing, and ongoing financial support is dependent on effective implementation of these adjustments. In response to the global economic crisis, in April 2009 the IMF strengthened its lending capacity and approved a major overhaul of its financial support mechanisms, with additional reforms adopted in 2010 and 2011 . These changes enhanced the IMF's crisis-prevention toolkit, bolstering its ability to mitigate contagion during systemic crises and allowing it to better tailor instruments to meet the needs of individual member countries.

Loan resources available to low-income countries were sharply increased in 2009, while average limits under the IMF's concessional loan facilities were doubled. Under a new agreement that went into effect in January 2016, members' financial commitments to the IMF, also known as their quotas, were significantly increased (see below), and access limits under the IMF's non-concessional lending facilities were reviewed and increased. In addition, zero interest rates on concessional loans were extended through the end of 2018, and the interest rate on emergency financing is permanently set at zero. Finally, efforts are well advanced to secure additional loan resources of about SDR 11 billion (about \$ 16 billion) to support the IMF's concessional lending activities.

Capacity development: The IMF provides technical assistance and training to help member countries build better economic institutions and strengthen related human capacities. This includes, for example, designing and implementing more effective policies for taxation and administration, expenditure management, monetary and exchange rate policies, banking and financial system supervision and regulation, legislative frameworks, and economic statistics.

SDRs: The IMF issues an international reserve asset known as Special Drawing Rights , or SDRs, that can supplement the official reserves of member countries. Total global allocations are currently about SDR 204 billion (some \$290 billion). IMF members can voluntarily exchange SDRs for currencies among themselves.

Resources: Member quotas are the primary source of IMF financial resources. A member's quota broadly reflects its size and position in the world economy. With the recent effectiveness of the 14th General Review of Quotas, total quota resources are now about SDR 475 billion (about \$645 billion). In addition, credit arrangements between the IMF and a group of members and institutions provide supplementary resources of up to about SDR 182 billion (\$258 billion), and are the main backstop to quotas. Member countries have also committed resources to increase the IMF's emergency resources through bilateral borrowing agreements. Total commitments under the 2016 borrowing framework now amount to SDR 319 billion (\$450 billion).

Governance and organization: The IMF is accountable to its member country governments. At the top of its organizational structure is the Board of Governors, consisting of one governor and one alternate governor from each member country, usually the top officials from the central bank or finance ministry. The Board of Governors meets once a year at the IMF–World Bank Annual Meetings. Twenty-four of the governors serve on the International Monetary and Financial Committee, or IMFC, which advises the Board on the supervision and management of the international monetary and financial system. The day-to-day work of the IMF is overseen by its 24-member Executive Board, which represents the entire membership and is guided by the IMFC and supported by the IMF staff. The Managing Director is the head of the IMF staff and Chair of the Executive Board and is assisted by four Deputy Managing Directors.

There are three main channels through which the IMF fosters a strong global economy:

1) Policy Advice 2) Lending 3) Knowledge Sharing

From IBRD to WB

"The past 70 years have seen major changes in the world economy. Over that time, the World Bank Group—the world's largest development institution—has worked to help more than 100 developing countries and countries in transition adjust to these changes by offering loans and tailored knowledge and advice. The Bank Group works with country governments, the private sector, civil society organizations, regional development banks, think tanks, and other international institutions on issues ranging from climate change, conflict, and food security to education, agriculture, finance, and trade. All of these efforts support the Bank Group's twin goals of ending extreme poverty by 2030 and boosting shared prosperity of the poorest 40 percent of the population in all countries.

Founded in 1944, the International Bank for Reconstruction and Development—soon called the World Bank—has expanded to a closely associated group of five development institutions. Originally, its loans helped rebuild countries devastated by World War II. In time, the focus shifted from reconstruction to development, with a heavy emphasis on infrastructure such as dams, electrical grids, irrigation systems, and roads. With the founding of the International Finance Corporation in 1956, the institution became able to lend to private companies and financial institutions in developing countries. And the

founding of the International Development Association in 1960 put greater emphasis on the poorest countries, part of a steady shift toward the eradication of poverty becoming the Bank Group's primary goal. The subsequent launch of the International Centre for Settlement of Investment Disputes and the Multilateral Investment Guarantee Agency further rounded out the Bank Group's ability to connect global financial resources to the needs of developing countries.

Today the Bank Group's work touches nearly every sector that is important to fighting poverty, supporting economic growth, and ensuring sustainable gains in the quality of people's lives in developing countries. While sound project selection and design remain paramount, the Bank Group recognizes a wide range of factors that are critical to success—effective institutions, sound policies, continuous learning through evaluation and knowledge-sharing, and partnership, including with the private sector. The Bank Group has long-standing relationships with more than 180 member countries, and it taps these to address development challenges that are increasingly global. On critical issues like climate change, pandemics, and forced migration, the Bank Group plays a leading role because it is able to convene discussion among its country members and a wide array of partners. It can help address crises while building the foundations for longer-term, sustainable development.

The evolution of the Bank Group has also been reflected in the diversity of its multidisciplinary staff, who include economists, public policy experts, sector experts, and social scientists, based at headquarters in Washington, D.C., and in the field. Today, more than a third of staff are based in country offices.

As demand for its services has increased over time, the Bank Group has risen to meet them. For perspective, the World Bank made four loans totaling \$497 million in 1947, as compared to 302 commitments totaling \$60 billion in 2015.”

Source: <http://www.worldbank.org/en/about/history>

From GATT to WTO

Also established was the General Agreement on Tariffs and Trade, a negotiation forum on inter country trade and investment, converted into the World Trade Organization which in addition provides a conflict resolution mechanism

GATT

According to Britannica (www.britannica.com) The “General Agreement on Tariffs and Trade (GATT), set of multilateral trade agreements aimed at the abolition of quotas and the reduction of tariff duties among the contracting nations. When GATT was concluded by 23 countries at Geneva, in 1947 (to take effect on Jan. 1, 1948), it was considered an interim arrangement pending the formation of a United Nations agency to supersede it. When such an agency failed to emerge, GATT was amplified and further enlarged at several succeeding negotiations. It subsequently proved to be the most effective

instrument of world trade liberalization, playing a major role in the massive expansion of world trade in the second half of the 20th century. By the time GATT was replaced by the World Trade Organization (WTO) in 1995, 125 nations were signatories to its agreements, which had become a code of conduct governing 90 percent of world trade.

GATT's most important principle was that of trade without discrimination, in which each member nation opened its markets equally to every other. As embodied in unconditional most-favoured nation clauses, this meant that once a country and its largest trading partners had agreed to reduce a tariff, that tariff cut was automatically extended to every other GATT member. GATT included a long schedule of specific tariff concessions for each contracting nation, representing tariff rates that each country had agreed to extend to others. Another fundamental principle was that of protection through tariffs rather than through import quotas or other quantitative trade restrictions; GATT systematically sought to eliminate the latter. Other general rules included uniform customs regulations and the obligation of each contracting nation to negotiate for tariff cuts upon the request of another. An escape clause allowed contracting countries to alter agreements if their domestic producers suffered excessive losses as a result of trade concessions.

Convention of Akkerman

GATT's normal business involved negotiations on specific trade problems affecting particular commodities or trading nations, but major multilateral trade conferences were held periodically to work out tariff reductions and other issues. Seven such "rounds" were held from 1947 to 1993, starting with those held at Geneva in 1947 (concurrent with the signing of the general agreement); at Annecy, France, in 1949; at Torquay, Eng., in 1951; and at Geneva in 1956 and again in 1960–62. The most important rounds were the so-called Kennedy Round (1964–67), the Tokyo Round (1973–79), and the Uruguay Round (1986–94), all held at Geneva. These agreements succeeded in reducing average tariffs on the world's industrial goods from 40 percent of their market value in 1947 to less than 5 percent in 1993.

The Uruguay Round negotiated the most ambitious set of trade-liberalization agreements in GATT's history. The worldwide trade treaty adopted at the round's end slashed tariffs on industrial goods by an average of 40 percent, reduced agricultural subsidies, and included groundbreaking new agreements on trade in services. The treaty also created a new and stronger global organization, the WTO, to monitor and regulate international trade. GATT went out of existence with the formal conclusion of the Uruguay Round on April 15, 1994. Its principles and the many trade agreements reached under its auspices were adopted by the WTO."

Full text of the GATT: https://www.wto.org/english/docs_e/legal_e/gatt47_e.pdf

From GATT to WTO

GATT was transformed into the World Trade Organization

According to Britannica, the “ World Trade Organization (WTO), international organization established to supervise and liberalize world trade. The WTO is the successor to the General Agreement on Tariffs and Trade (GATT), which was created in 1947 in the expectation that it would soon be replaced by a specialized agency of the United Nations (UN) to be called the International Trade Organization (ITO). Although the ITO never materialized, the GATT proved remarkably successful in liberalizing world trade over the next five decades. By the late 1980s there were calls for a stronger multilateral organization to monitor trade and resolve trade disputes. Following the completion of the Uruguay Round (1986–94) of multilateral trade negotiations, the WTO began operations on January 1, 1995.”

According to the World Trade Organization (WTO), it “is the only international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.

The result is assurance. Consumers and producers know that they can enjoy secure supplies and greater choice of the finished products, components, raw materials and services that they use. Producers and exporters know that foreign markets will remain open to them.

The result is also a more prosperous, peaceful and accountable economic world. Virtually all decisions in the WTO are taken by consensus among all member countries and they are ratified by members' parliaments. Trade friction is channelled into the WTO's dispute settlement process where the focus is on interpreting agreements and commitments, and how to ensure that countries' trade policies conform with them. That way, the risk of disputes spilling over into political or military conflict is reduced.

By lowering trade barriers, the WTO's system also breaks down other barriers between peoples and nations.

At the heart of the system — known as the multilateral trading system — are the WTO's agreements, negotiated and signed by a large majority of the world's trading nations, and ratified in their parliaments. These agreements are the legal ground-rules for international commerce. Essentially, they are contracts, guaranteeing member countries important trade rights. They also bind governments to keep their trade policies within agreed limits to everybody's benefit.

The agreements were negotiated and signed by governments. But their purpose is to help producers of goods and services, exporters, and importers conduct their business.

The goal is to improve the welfare of the peoples of the member countries”

For more details, go to www.wto.org

Cooperation at three levels

Countries cooperate for trade and investment purposes through three channels, namely multilateral albeit global, international; regional and bilateral. Negotiation leads to agreements at these three levels.

Growth of multinational companies

With the IBRD and the Marshall Plan fostering the reconstruction of Europe, there was a significant growth of multinational companies, particularly of American origin.

Japan and globalism

With limited natural resources and a rather small market, Japan and its companies went global in a great way.

Japan economic take off after 1945

http://www.iun.edu/~hisdcl/h207_2002/jecontakeoff.htm

In the recent years, Japan has had to face increased competition as companies from other countries take an increasing role in the global context. Japan still has a strategic role in the automobile industry and the electronics industry generally. Japan assumed a leadership role in robotics showing the way to the whole world. Japan is also breaking new ground in new industries arising as a result of climate change and sustainability.

Evolution of globalism

Bilateralism and regionalism also contributed to the rise of globalism

The two blocs

Following WW2, there was one group of countries following the capitalism credo; many new countries joined the IMF and related systems

Another group of countries followed the communism credo.

These two groups competed resulting in a divide.

End of divide

As the divide ended, the world became one large economic system with mixed economies involving joint roles of the private and public sectors

Regional groupings and agreements took on an increasing role.

At the country level

Economic geography is very important taking into account resources and location

However, there is a need to take a broader outlook as pattern of economic cooperation and in some cases integration can make a significant difference.

Size matters; case in point the USA: big with large amount of natural resources, human resources, entrepreneurship, size of market with economies of scale which together explain the position of the US in the world economy. A little bit of history: how the 50 states became 'united' and thus the United States; economic and political integration; plus Washington DC, Puerto Rico, Marshall Islands, Guam, US Virgin Islands ...

The immigrant factor: decisive resource. Regional location: proximity to Canada, Mexico, Caribbean, Central America and South America are important considerations.

Economic geography

A small country may not necessarily be at a disadvantage. They can gain economic advantage through cooperation; Singapore and ASEAN is a clear example (more later). Integration is also important taking the example of countries in Europe becoming part of the EU

Economic cooperation

Countries enter into agreement to cooperate for trade and investment
Geographic proximity is a plus factor as a basis for regionalism, but such cooperation could be bilateral and/or multilateral even if the countries are not contiguous
Major advantages: win-win even if there is competition rather than zero sum game

Economic integration

Going further than cooperation; proximity is a factor for regionalism (pooling of resources), with several stages:
Abolition of tariffs, non tariff barriers and quotas
Common external tariffs and quotas
Abolition of restriction on factor movements
Harmonization and unification of economic policies and institutions
Note: could go up to political integration albeit union (US case in point)
Benefits of regional economic integration
More efficient use of factor resources
Size of market and related economy of scale (recall how the US used the size factor to its advantage for years; now growing competition with the rise of regional economic integration)
Combined resources such as for R&D e.g. Airbus
Disadvantages of regional economic integration
Lost of 'independence' e.g. decision made in Brussels not in Paris
The stronger partners have an edge

Comparison: regional vs global

(a) regional economic integration vs (b) multilateral trade liberalization
Negotiation and agreement in (a) relatively easier (commonality of interest; win-win) than (b) where in WTO it is at time hard to get all countries of the world to agree! (Doha negotiation stalled)

European Union

Leading in economic integration at times with growing pains!
Currently made up of 28 countries
Has gone through several stages since first step in 1951

EU the first steps

1951 6 members of coal and steel community

— France, Germany (W.), Italy, Belgium, Netherlands, Luxembourg

1957 Treaty of Rome: European Community

- **Common market**
- **Elimination of internal trade barriers**
- **Common external tariff**
- **Free movement of factors of production**

1973 1st enlargement: Britain, Ireland, Denmark

1981 2nd enlargement: Greece

1983 3rd enlargement: Portugal, Spain

1992 single European act

1994 Maastricht treaty: European Union

1996 4th enlargement: Austria, Finland, Sweden

2003 5th enlargement: Poland, Hungary, Czech Republic, Lithuania, Estonia, Latvia, Slovenia, Cyprus, Malta, Slovakia

The Euro

Maastricht treaty:

- **European common currency adopted 1/1/99**
- **Common foreign and defense policy**
- **Common citizenship**
- **EU parliament with “teeth”**

Note: Sweden, Denmark, Britain opted out of use of Euro

New countries have to qualify

Benefits of Euro

Lower transaction costs for individuals / business

Prices comparable across the continent; increased competition

Rationalization of production across Europe to reduce cost

Pan-European capital market

Increase range of investment options available to both individuals and institutions

Euro issues

ECB has monetary policy control not nations

- **Sets interest rates, monetary policy**
- **Is independent; instructs national central banks**

EU is not an optimal currency area

- **Few similarities in structure of economic activity (e.g., Finland vs Portugal)**

- Interest rates too high in depressed regions or too low for economically booming regions
- May need fiscal transfers from prosperous to depressed regions

Economic and political issues may conflict

EU issues

Norway opted out
 UK: BREXIT
 Turkey membership pending
 The PIGS issues
 Back to economic geography

EU transformation

Talks about a possible United States of Europe albeit political integration

The Americas

a) NAFTA

According to Investopedia, the North American Free Trade Agreement (NAFTA) is a piece of regulation implemented January 1, 1994 simultaneously in Mexico, Canada and the United States that eliminates most tariffs on trade between these nations. The essence of a free trade measure, NAFTA's purpose is to encourage economic activity between the three major economic powers of North America. Numerous [tariffs](#) (with a particular focus on those related to agriculture, textiles and automobiles) were phased out on a gradual basis, beginning with the agreement's implementation and ending on January 1, 2008.

Read more: [North American Free Trade Agreement \(NAFTA\) https://www.investopedia.com/terms/n/nafta.asp#ixzz53nLrhhwi](https://www.investopedia.com/terms/n/nafta.asp#ixzz53nLrhhwi)

Current issues

The Trump Administration has raised questions about NAFTA both in terms of US-Mexico relationship and that between US and Canada. Talks going on in Montreal in January 2018 do not seem to be leading to meaningful results and thus the future of NAFTA is considered uncertain. See <https://www.reuters.com/article/us-trade-nafta/naftas-fate-uncertain-ahead-of-final-round-of-talks-in-montreal-idUSKBN1FB27R?il=0>

Among the globalists in Davos, Trump warms to NAFTA and TPP

<http://nymag.com/daily/intelligencer/2018/01/among-the-globalists-in-davos-trump-warms-to-nafta-and-tpp.html>

b) Andean Pact

The Andean Pact is one of the world's oldest [free trade](#) movements. It was founded in 1969 by the Cartagena Agreement to encourage cooperation among members, and to improve their position in the international context. The pact's integration quest has been a long-standing aspiration of the region. It began in the 1820s with South American soldier and statesman Simon Bolívar's (1783-1830) ideal of unifying New Granada (Colombia, Ecuador, and Venezuela), Peru, and Upper Peru (Bolivia) into one nation, the Gran Colombia.

For nearly 20 years, the pact's goal of economic growth and the creation of a regional common market floundered. Over the past several years, however, changes to democratic governance and developments in trade and investment liberalization have prompted renewed interest and actions among pact members. These actions have brought the Andean Pact to the forefront of the integration movement in Latin America. As a result, a free trade zone among Colombia, Venezuela, Ecuador, and Bolivia and a common external tariff was implemented in 1994.

By 1999 the Andean Pact consisted of more than 100 million inhabitants generating a **gross domestic product** (GDP) of around US\$250 billion. The member countries—Venezuela, Colombia, Ecuador, Peru, and Bolivia—are highly diversified, mainly because of the significant topographical and climate differences within the individual nations and across the region as a whole. Unifying factors include rich mineral deposits, particularly in Peru and Colombia, and the existence of significant reserves of oil in Venezuela, Colombia, and Ecuador. All have, to varying degrees, taken part in the recent rush to economic adjustment, liberalization, and **competition**. Thus, the attractiveness of the region is based on the recent developments of its liberalized economy, the average stability of its democracies, and its unlimited resources such as low-cost energy and labor. Nevertheless, such issues as drug production and commercialization, terrorism, economic dependence on commodities, socioeconomic inequalities in the population, and marked regionalism are the main burdens the region is suffering in its quest for integration and development.

Source: <http://www.referenceforbusiness.com/encyclopedia/A-Ar/Andean-Pact-Nations-Doing-Business-in-the.html>

Read more: <http://www.referenceforbusiness.com/encyclopedia/A-Ar/Andean-Pact-Nations-Doing-Business-in-the.html#ixzz53nMrYS9u>

Note: The Andean Pact laid the foundation for a community in the full sense of the word.

c) Mercosur

According to the BBC the Mercosur was set up in March 1991 by Argentina, Brazil, Paraguay and Uruguay under the Treaty of Asuncion. The 1994 Treaty of Ouro Preto gave the body a wider international status and formalised a customs union.

Brazil and Argentina are Mercosur's economic giants. Bolivia, Chile, Colombia, Ecuador and Peru are associate members; they can join free-trade agreements but remain outside the bloc's customs union. Moves to include Chile as a full member were suspended after Santiago signed a free-trade deal with the US in 2002.

Mercosur tariff policies regulate imports and exports and the bloc can arbitrate in trade disputes among its members.

In the longer term, Mercosur aims to create a continent-wide free-trade area, and the creation of a Mercosur development bank has been mooted.

Mercosur is South America's leading trading bloc. Known as the Common Market of the South, it aims to bring about the free movement of goods, capital, services and people among its member states.

It has been likened to the European Union but, with an area of 12m sq km (4.6m sq miles), it is four times as big. The bloc's combined market encompasses more than 250m people and accounts for more than three-quarters of the economic activity on the continent.

Source: <http://news.bbc.co.uk/2/hi/americas/5195834.stm>

d) CAFTA

According to Wikipedia, The **Dominican Republic–Central America Free Trade Agreement (CAFTA-DR)** is a [free trade](#) agreement (legally a [treaty](#) under international law, but not under U.S. law).

Originally, the agreement encompassed the United States and the Central American countries of [Costa Rica](#), [El Salvador](#), [Guatemala](#), [Honduras](#), and [Nicaragua](#), and was called CAFTA. In 2004, the [Dominican Republic](#) joined the negotiations, and the agreement was renamed CAFTA-DR.

CAFTA-DR, the [North American Free Trade Agreement](#) (NAFTA), and active bilateral free trade agreements such as the [Canada-Costa Rica Free Trade Agreement](#) are seen as bloc agreements instead of a [Free Trade Area of the Americas](#) (FTAA) agreement. Panama has completed negotiations with the United States for a bilateral free trade agreement known as the [Panama–U.S. Trade Promotion Agreement](#), and has been in effect since October 2012.

The CAFTA-DR constitutes the first free trade agreement between the United States and a small group of developing countries. It was created with the purpose of creating new and better economic opportunities by opening markets, eliminating tariffs, reducing barriers to services, and more. In 2015, it was estimated that the total two-way trade resulted in \$53

billion.^[1] Nearly all Central American exports to the United States had already been tariff-free thanks to the 1984 [Caribbean Basin Initiative](#).

Source:

https://en.wikipedia.org/wiki/Dominican_Republic%E2%80%93Central_America_Free_Trade_Agreement

Back to economic geography.compared

Looking at China, India, Russia, 'big' is definitely an advantage: natural resources, size of market, size of territory, growing economy

ASEAN

Association of South East Asian Nations= framework for cooperation:

Political and security

Economic

Cultural

The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the [ASEAN Declaration](#) (Bangkok Declaration) by the Founding Fathers of ASEAN: Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei Darussalam then joined on 7 January 1984; Viet Nam on 28 July 1995; Lao PDR and Myanmar on 23 July 1997; Cambodia on 30 April 1999

ASEAN functions

To accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian Nations; to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter

To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields; to provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres

To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communications facilities and the raising of the living standards of their peoples; to promote Southeast Asian studies; and, to maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes, and explore all avenues for even closer cooperation among themselves.

ASEAN plus three

China is a member of the **ASEAN plus three group** along with Japan and South Korea, forming perhaps the most powerful economic grouping with vast amount of resources, a huge market, huge economic capacity albeit foundations for the the Asia century

Cooperation of ASEAN and India; India ties with ASEAN

<https://wtop.com/asia/2018/01/southeast-asian-leaders-celebrate-ties-with-india/>

<https://www.narendramodi.in/pm-modi-addresses-asean-plenary-session-538654>

Regional cooperation in Africa

From the Organization of African Unity (OAU)
to the African Union (AU)

OAU

The Organization of **African Unity** (OAU; French: Organisation de l'unité africaine (OUA)) was established on 25 May 1963 in Addis Ababa, with 32 signatory governments. It was disbanded on 9 July 2002 by its last chairperson, South **African** President Thabo Mbeki, and replaced by the **African Union (AU)**.

The OAU provides a framework for political and economic cooperation

African Union

The **African Union (AU)** is a continental union consisting of 54 countries in Africa. It was established on 26 May 2001 in Addis Ababa, Ethiopia and launched on 9 July 2002 in South Africa,^[6] with the aim of replacing the Organisation of African Unity (OAU). The most important decisions of the AU are made by the Assembly of the African Union, a semi-annual meeting of the heads of state and government of its member states. The AU's secretariat, the African Union Commission, is based in Addis Ababa.

African Economic Community

The **African Economic Community (AEC)** is an organization of African Union states establishing grounds for mutual economic development among the majority of African states. The stated goals of the organization include the creation of free trade areas, customs unions, a single market, a central bank, and a common currency (see African Monetary Union) thus establishing an economic and monetary union.

Maghreb Union

is a trade agreement aiming for economic and future political unity among Arab countries of the **Maghreb** in North Africa.

In June 1988, the Algerian, Libyan, Mauritanian, Moroccan and Tunisian Heads of States met in Algiers to deliberate the creation of the Arab *Maghreb Union*. The Arab *Maghreb Union* (AMU) was founded in February 1989 in Marrakech with the approval of the Treaty Instituting the Arab *Maghreb Union*.

is a trade agreement aiming for economic and future political unity among Arab countries of the Maghreb in North Africa. The Union has been unable to achieve tangible progress on its goals due to deep economic and political disagreements between Morocco and Algeria regarding, among others, the issue of Western Sahara. No high level meetings have taken place since 2008; the Union is considered as stagnant

Organization of Islamic Cooperation

founded in 1969 consisting of 57 member states, with a collective population of over 1.6 billion as of 2008. The organization states that it is "the collective voice of the Muslim world" and works to "safeguard and protect the interests of the Muslim world in the spirit of promoting international peace and harmony

Back to Asia

Asia-Pacific Economic Cooperation (**APEC**) is a forum for 21 Pacific Rim member economies that promotes free trade throughout the Asia-Pacific region.

APEC membership

21 members:

<http://www.apec.org/About-Us/About-APEC/Member-Economies.aspx>

Trans Pacific Partnership going forward

The **Trans-Pacific Partnership (TPP)** or **Trans Pacific Partnership Agreement (TPPA)** is a trade agreement among twelve of the Pacific Rim countries—notably not including China. The finalized proposal was signed on 4 February 2016 in Auckland, New Zealand, concluding seven years of negotiations. It is currently awaiting ratification to enter into force

The TPP began as an expansion of the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP or P4) signed by Brunei, Chile, New Zealand, and Singapore in 2005. Beginning in 2008, additional countries joined the discussion for a broader agreement: Australia, Canada, Japan, Malaysia, Mexico, Peru, United States, and Vietnam, bringing the total number of countries participating in the negotiations to twelve.

The US pulled out of TPP.

Recently, the UK indicated that it may be interested to join the TPP.

According to Bloomberg, January 2018, "The 11 remaining members of a Pacific trade pact abandoned by U.S. President Donald Trump have reached a deal on a revised agreement, with the nations to work toward signing the deal by early March, according to Singapore's government. Senior officials resolved outstanding issues, finalized the list of suspended provisions and completed the legal verification of the agreement, concluding negotiations on what has been renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Singapore's trade ministry said Tuesday January 23, 2018 in a statement.

The deal was reached after two days of talks in Tokyo, and came just hours after Trump imposed tariffs on imported solar panels and washing machines -- his first major move to level what he says is a global playing field tilted against U.S. companies. The whole agreement looked like it might

collapse after contentious negotiations in November, when Canada's participation was thrown into doubt.

Japan's Economy Minister Toshimitsu Motegi said Canada has agreed to work toward approving the deal, and he believed they would follow through on that.

"Today, Canada and the 10 other remaining members of the Trans-Pacific Partnership concluded discussions in Tokyo, Japan, on a new Comprehensive and Progressive Agreement for Trans-Pacific Partnership," Joe Pickerill, director of communications for Canadian Trade Minister Francois-Philippe Champagne, said Tuesday January 23, 2018 in an email."

Also, according to Bloomberg, "The agreement comes at a pivotal time for Canada, the second-largest economy in the pact after Trump quit. The country is in the midst of talks to update the North American Free Trade Agreement, the trilateral accord with the U.S. and Mexico that Trump is also threatening to quit. Part of the Canadian response to U.S. Nafta threats has been to push to expand trade ties elsewhere, including Asia.

The original Trans Pacific Partnership, which would have covered 40 percent of the global economy, was seen as a guarantee of U.S. involvement in Asia and a counterweight to Chinese clout -- an idea thrown into disarray when Trump withdrew in one of his first acts as president. Japan has led a scramble to keep the deal alive, with the hope of enticing the U.S. to return at a later date.

"The CPTPP will enhance trade among countries in the Asia-Pacific, resulting in more seamless flows of goods, services, and investment regionally," Singaporean Trade Minister Lim Hng Kiang was quoted as saying.

Of the four remaining issues left after the talks in Vietnam in November, the sections of the deal Brunei and Malaysia had a problem with will be frozen, Motegi said. Matters involving Vietnam's labor rights and Canada's cultural goods will be dealt with in side letters, which each country agreed to sign separately to the CPTPP deal, he said.

Pickerill said Canada achieved "a significant outcome on culture and an improved arrangement on autos with Japan along with the suspension of many IP provisions of interest to Canadian stakeholders," referring to intellectual property provisions.

The following countries make up the agreement: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam."

See <https://www.bloomberg.com/news/articles/2018-01-23/tpp-members-complete-text-seek-to-sign-by-march-singapore-says>

TPP deemed a big deal even without the US

https://www.washingtonpost.com/business/why-a-tpp-without-the-us-is-still-a-big-deal-quicktake-qanda/2018/01/24/763c79b4-0116-11e8-86b9-8908743c79dd_story.html?utm_term=.d10a70281dba

US reconsidering joining the TPP

<http://nymag.com/daily/intelligencer/2018/01/among-the-globalists-in-davos-trump-warms-to-nafta-and-tpp.html>

FTAAP

FTAAP first made its appearance in 2006 at APEC summit in Hanoi. Aim is to create a free trade zone that will considerably expand commerce and economic growth in the region.

At the 2014 APEC summit in Beijing, China urged APEC leaders to launch "a collective strategic study" on the FTAAP.

It will be the first regional free trade agreement that includes both China and US, which will boost the development of economy not only within Asia-Pacific, but also on a global scale.

FTAAP seen as a counter strategy to TPP

BRICS

Cooperation among four major countries.:

1. BRICS is made up of China, Brazil, Russia, India and South Africa. The first BRIC Foreign Ministers' Meeting was held in 2006 among China, Brazil, Russia and India on the margins of the general debate of the 61st session of the United Nations General Assembly, which drew the prelude for BRIC cooperation. In 2009, the first BRIC Summit was held in Yekaterinburg, Russia. Since then, the Summit has become an annual event. To date, 8 Summits have been held.

In December 2010, China, as the Chair, invited South Africa to join BRIC and attend the Summit in Sanya, China. BRIC officially enlarged to include 5 countries and the acronym changed into BRICS.

In the 10 years since its inception, BRICS cooperation has continued to consolidate its foundation and expanded to more areas. It is now a multi-level process led by the Summit, buttressed by meetings of the national Security Advisors, Foreign Ministers and other ministerial meetings, and enriched by pragmatic cooperation in dozens of areas such as economy, trade, finance, business, agriculture, education, health, science and technology, culture, think tanks, and friendship cities. Cooperation mechanisms such as the New Development Bank, Contingent Reserve Arrangement, Business Council and Think Tank Council have been established. Pragmatic cooperation has gone to greater depth to yield more fruitful results and exerted important influence globally.

2. Thanks to 10 years of development, BRICS has grown into an important platform for cooperation among emerging markets and developing countries. BRICS countries come from Asia, Africa, Europe and America and are all members of the G20. Together, they account for 26.46% of world land area, 42.58% of world population, 13.24% of World Bank voting power and 14.91% of IMF quota shares. According to IMF's estimates, BRICS countries generated 22.53% of the world GDP in 2015 and has contributed more than 50% of world economic growth during the last 10 years.

Source: <https://brics2017.org/English/AboutBRICS/BRICS/>

For more information see: <https://brics2017.org/English/>

The Asia Century

Looking at the foregoing analyzes, there are indications that the Asia century is underway. At the World Economic Forum in 2017, China took the lead in addressing a new globalism. Further there is talk of the so-called New Silk Road.

The New Silk Road

China is reviving the historic Silk Road trade route that runs between its own borders and Europe. Announced in 2013 by President Xi Jinping, the idea is that two new trade corridors –

one overland, the other by sea – will connect the country with its neighbours in the west: Central Asia, the Middle East and Europe.

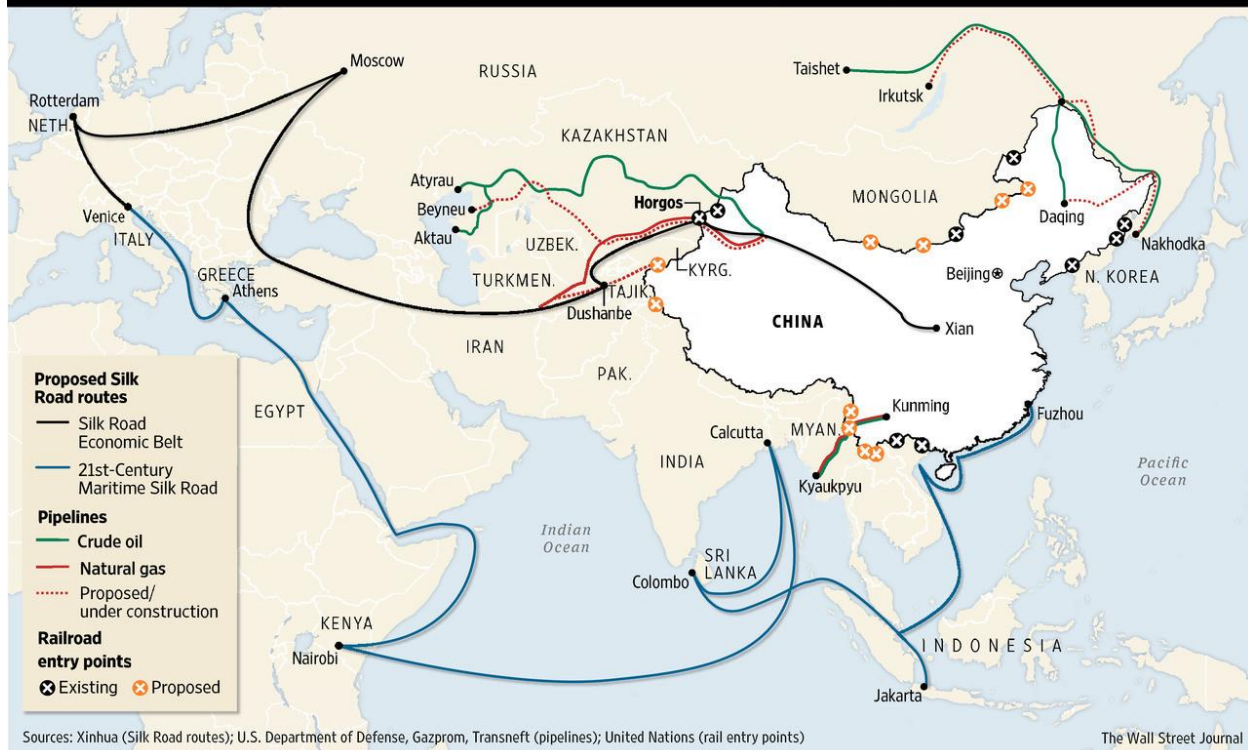
The project has proved expensive and controversial. So why is China doing it?

There are strong commercial and geopolitical forces at play here, first among which is China's vast industrial overcapacity – mainly in steel manufacturing and heavy equipment – for which the new trade route would serve as an outlet. As China's domestic market slows down, opening new trade markets could go a long way towards keeping the national economy buoyant. Hoping to lift the value of cross-border trade to \$2.5 trillion within a decade, President Xi Jinping has channelled nearly \$1 trillion of government money into the project. He's also encouraging state-owned enterprises and financial institutions to invest in infrastructure and construction abroad.

"It is not an economic project, it is a geopolitical project — and it is very strategic," Nadège Rolland, an analyst at the National Bureau for Asian Research, told foreignpolicy.com. He's not alone in suspecting China of a tactical repositioning in the global economy; it's clear that relationships with the ASEAN region, Central Asia and European countries stand to improve significantly if China directs more of its capital into developing infrastructure overseas. Moreover, by striking up economic and cultural partnerships with other countries, China cements its status as a dominant player in world affairs.

"We will support the One Belt, One Road project," said President of the Asian Infrastructure Investment Bank, Jin Liquin. "But before we spend shareholders' money, which is really the taxpayers' money, we have three requirements." The new trade route should be promote growth, be socially acceptable and be environmentally friendly.

New Silk Roads | China is assembling new trade routes, binding other regions closer to it



Source: <https://www.weforum.org/agenda/2016/06/why-china-is-building-a-new-silk-road/>

Meanwhile, the US

Is promoting America First philosophy and it is questioning multilateral and regional and in some cases bilateral trade agreements.

The US left the TPP

Question is whether there is counter globalism or the push for a new globalism? Also, is America having difficulty competing in the emerging framework?

According to the White House (see www.whitehouse.gov) The America First is defined as follows:

“America First Foreign Policy

The Trump Administration is committed to a foreign policy focused on American interests and American national security.

Peace through strength will be at the center of that foreign policy. This principle will make possible a stable, more peaceful world with less conflict and more common ground.

Defeating ISIS and other radical Islamic terror groups will be our highest priority. To defeat and destroy these groups, we will pursue aggressive joint and coalition military operations when necessary. In addition, the Trump Administration will work with international partners to cut off funding for terrorist groups, to expand intelligence sharing, and to engage in cyberwarfare to disrupt and disable propaganda and recruiting.

Next, we will rebuild the American military. Our Navy has shrunk from more than 500 ships in 1991 to 275 in 2016. Our Air Force is roughly one third smaller than in 1991. President Trump is committed to reversing this trend, because he knows that our military dominance must be unquestioned.

Finally, in pursuing a foreign policy based on American interests, we will embrace diplomacy. The world must know that we do not go abroad in search of enemies, that we are always happy when old enemies become friends, and when old friends become allies.

The world will be more peaceful and more prosperous with a stronger and more respected America.

Trade Deals Working For All Americans

For too long, Americans have been forced to accept trade deals that put the interests of insiders and the Washington elite over the hard-working men and women of this country. As a result, blue-collar towns and cities have watched their factories close and good-paying jobs move overseas, while Americans face a mounting trade deficit and a devastated manufacturing base.

With a lifetime of negotiating experience, the President understands how critical it is to put American workers and businesses first when it comes to trade. With tough and fair agreements, international trade can be used to grow our economy, return millions of jobs to America's shores, and revitalize our nation's suffering communities.

This strategy starts by withdrawing from the Trans-Pacific Partnership and making certain that any new trade deals are in the interests of American workers. President Trump is committed to renegotiating NAFTA. If our partners refuse a renegotiation that gives American workers a fair deal, then the President will give notice of the United States' intent to withdraw from NAFTA.

In addition to rejecting and reworking failed trade deals, the United States will crack down on those nations that violate trade agreements and harm American workers in the process. The President will direct the Commerce Secretary to identify all trade violations and to use every tool at the federal government's disposal to end these abuses.

To carry out his strategy, the President is appointing the toughest and smartest to his trade team, ensuring that Americans have the best negotiators possible. For too long, trade deals have been negotiated by, and for, members of the Washington establishment. President Trump will ensure that on his watch, trade policies will be implemented by and for the people, and will put America first.

By fighting for fair but tough trade deals, we can bring jobs back to America's shores, increase wages, and support U.S. manufacturing."

The UK BREXIT explained

<https://www.nytimes.com/2016/06/21/world/europe/brexit-britain-eu-explained.html>

The rationale mentioned above has to be considered. Recently, Tony Blair, former Prime Minister of the UK, suggested that BREXIT may have to be reconsidered. Further, cooperation does not have to be with adjacent countries only (regionalism) but with countries and groups elsewhere as Japan has done successfully over the years. The UK is now considering partnering with TPP and this makes a lot of sense. In the author's opinion, the UK may also look into new ways of cooperation with countries of the former Commonwealth for mutually beneficial result. It is the author's intention to do a detailed research paper on these possibilities.

UK and TPP

<http://www.bbc.com/news/business-42549541>

<https://www.theguardian.com/politics/2018/jan/03/liam-fox-says-uk-considering-option-of-joining-pacific-trade-group>

What is the so-called 'Retreat' as defined by The Economist

The Retreat <https://www.economist.com/news/leaders/21715660-global-firms-are-surprisingly-vulnerable-attack-multinational-company-trouble>

With changing times, it is appropriate for the multinational companies to evolve; the partnerships have to be redefined. Also, many multinationals have evolved to become stateless.

The news and views of Breitbart (conservative US stance) warrant attention, starting with President Xi Jinping statement on globalism

Speaking at the Asia-Pacific Economic Cooperation summit in Vietnam (2017), Chinese President Xi Jinping embraced "economic globalism," calling it an "irreversible historical trend."

Xi praised globalism for having "contributed significantly to global growth." Meanwhile, President Donald Trump denounced unfair trade practices and vowed the United States will not be "taken advantage of anymore."

"In pursuing economic globalization, we should make it more open, more inclusive, more balanced, more equitable and more beneficial to all," said Xi in his APEC address.

In another passage, Xi called for an “open economy that benefits all,” advising that “openness brings progress while self-seclusion leaves one behind.”

“China will not slow its steps in opening up itself. We will work together with other countries to create new drivers of common development through the launching of the ‘Belt and Road’ initiative,” said Xi. “We will adopt policies to promote high standards of liberalization and facilitation of trade and investment.”

CNBC praises Xi for emphasizing China’s “environmental goals” and “stepping up China’s global rhetorical leadership on that front since Trump abandoned the Paris climate accord earlier this year.”

That is a striking testament to how adroitly China’s leaders play Western media and take advantage of its obsessions. Anyone who thinks China will cripple its economic ambitions in the manner envisioned by the Paris climate accords is frankly delusional. Chinese leaders know they can easily afford rhetorical flourishes in the service of global arrangements that demand little of them for decades to come. There is no domestic constituency in China that can hold Xi or his handpicked successor accountable for living up to whatever he promises in global forums.

Xi had quite a bit to say about China’s economic agenda during the marathon three-hour speech he gave upon assuming near-dictatorial powers at the recent Communist Party congress. The speech included some uplifting ideas about China becoming a benevolent global leader, but absolutely none of it indicated he was prepared to sacrifice any of China’s interests to please international summit meetings.

That is also true of Xi’s praise for fair and open global economic systems. It only takes a few moments to pull up his APEC speech from last year’s meeting in Peru and find him saying exactly the same things about building an “open and integrated economy” and gushing about how “economic globalization is in keeping with the law of economics and delivers benefits to all.” Let us grant Xi all due credit for rhetorical consistency, but let us also not pretend he just delivered a historic speech brimming with new ideas.

What China does is far more important than what its authoritarian leader says in the latest iteration of decade-old talking points. What China does is make deals that benefit China, generally breaking whatever rules it finds inconvenient along the way. Saying nice things about globalism at summit meetings is easy. It is not as if the Western media sphere makes it tough for Chinese speechwriters to figure out what they want to hear.

The most encouraging signs of actual change to emerge from President Donald Trump’s trip to China so far are the huge volume of trade deals announced on Thursday, and Friday’s announcement from Vice Finance Minister Zhu Guangyao that China will begin increasing foreign access to its enormous financial services market. Both of these developments are direct results of the Trump administration’s unique blend of behind-the-scenes diplomacy, public pugnacity, and fiery eruptions on social media. Zhu’s announcement came only a day after Trump called for the very access China delivered.

The results to date are less than one might have imagined Trump wanted by listening to his past accusations of Chinese market distortion, currency manipulation, and intellectual property theft, but it is also better than nothing and more than what China was inclined to

give on its own – or else would have been given during the Obama administration when Xi was giving those nearly identical speeches rhapsodizing about globalization and transparency.

Next, President Trump also spoke at APEC in Vietnam

, and while his speech has been portrayed as a sharp nativist contrast with Xi's soaring globalist poetry, CNBC notes that Trump "similarly called for economic openness." The difference is that Trump "struck a harsh tone against countries he deemed guilty of 'chronic trade abuses.'"

"When the United States enters into a trading relationship with other countries or other peoples, we will, from now on, expect that our partners will faithfully follow the rules, just like we do. We expect that markets will be open to an equal degree on both sides and that private industry, not government planners, will direct investment," said Trump, after praising the achievements made possible by international trade in places like Vietnam, South Korea, Japan, and India at great length.

"Unfortunately, for too long and in too many places, the opposite has happened. For many years, the United States systematically opened our economy with few conditions. We lowered or ended tariffs, reduced trade barriers, and allowed foreign goods to flow freely into our country. But while we lowered market barriers, other countries didn't open their markets to us," he charged.

He then made allusions to unnamed countries "embraced by the World Trade Organization, even if they did not abide by its stated principles." He named China specifically later in his speech, with a combination of unflinching accusations over its past behavior and hope for a better future relationship.

"We can no longer tolerate these chronic trade abuses, and we will not tolerate them," Trump declared. "Despite years of broken promises, we were told that someday soon everyone would behave fairly and responsibly. People in America and throughout the Indo-Pacific region have waited for that day to come. But it never has, and that is why I am here today: to speak frankly about our challenges and work toward a brighter future for all of us."

"From this day forward, we will compete on a fair and equal basis. We are not going to let the United States be taken advantage of anymore. I am always going to put America first the same way that I expect all of you in this room to put your countries first," Trump announced.

It is strange to see so many condemning Trump for failing to embrace the possibilities of global trade when he did exactly that, coupled with warnings that the United States will no longer allow itself to be taken advantage of. Even if China is truly experiencing a change of heart, it reached its current position of strength by doing the things Trump accused it of.

Critics also seem to be missing a point picked up by CNBC's analysis: Trump was not just complaining about how China has treated the United States. He was issuing a warning to Asian nations tempted to choose China over the U.S. as a trading partner, reminding them

how readily China violates or subverts rules that interfere with its aggressive national interests.

If “globalism” requires America to disadvantage itself because we have had it so good for so long, make disproportionate sacrifices to international programs to demonstrate “leadership,” and tolerate abuses no other nation would endure, then globalism is what needs to change, not America.

It is a false choice to say that crude isolationism is the only alternative and bad strategy to let it be known that no one has to work very hard to win or keep America’s business. If these are truly the last days of American hyperpower status, it would be malpractice for our leaders not to use it while they still have it, just as China’s leaders are eagerly planning how to use it once they get it.

Source: <http://www.breitbart.com/national-security/2017/11/10/chinese-president-xi-embraces-economic-globalism/>

For more information, see:

<https://www.bing.com/search?q=president%20xi%20jinping%20on%20globalism&qs=n&form=QBRE&sp=-1&pq=undefined&sc=0-27&sk=&cvid=758A34793233421FB0EF26702F8453E1>

US China trade frictions

Two questions: Is a trade war unavoidable? Could the matter be settled in WTO?

<https://www.forbes.com/sites/johnbrinkley/2018/01/24/trump-vs-china-is-a-trade-war-on-the-way/#3420a96e46a8>

DAVOS 2018 an opportunity for recalibrating globalism

India’s Modi preached free trade while the US is hammering its America First policy, perceived as being ‘protectionist’; Modi’s vision of trade and investment in the 21st Century

https://www.washingtonpost.com/news/powerpost/paloma/the-finance-202/2018/01/23/the-finance-202-trump-trade-officials-and-india-may-be-on-a-collision-course/5a67699d30fb0469e8840309/?utm_term=.402124818384

US and America First Davos 2018

<https://www.reuters.com/article/us-davos-meeting-mnuchin/u-s-defends-america-first-agenda-ahead-of-trump-visit-to-davos-idUSKBN1FD0W1>

Macron calls for a reset of globalization albeit globalization needs recalibrating

<https://timesofindia.indiatimes.com/world/europe/at-davos-french-president-macron-speaks-language-of-globalisation-reset/articleshow/62652508.cms>

US in Davos: briefing statement

You will hear the President talk about America’s engagement in the world, about a vision for U.S. participation in the global economic order, but on terms that are fair and equitable; United

States engagement in the international trading system; a commitment to free and open trade, but on terms that are fair and reciprocal; commitment to trade enforcement, enforcing trade agreements and trade laws and trade norms; no longer tolerating things like the theft of intellectual property or forced technology transfers, industrial subsidies, state economic planning, dumping, those sorts of things.

But in the context that it's only by enforcing the rules of the road and ensuring that all countries play by the rules — the rules of international trade — that we can preserve and maintain the integrity of the international trading system. So very much that trade enforcement — meaningful, rigorous, fair trade enforcement — is a way of supporting the global trading system.

Source: <https://www.whitehouse.gov/briefings-statements/background-briefing-previewing-presidents-address-world-economic-forum/>

US mixed bag of stances on trade and investment

The following news clips show that the US may be in the reconsideration mode:

<https://news.google.com/news/story/dceSLwnf1EEcdkMIQ73pasM4tyfeM?ned=us&hl=en&gl=US>

Conclusions

Business diplomacy has an appropriate role to play in the world today perhaps more than ever before. Open and frank criticism has to be encouraged and addressed but above all, constructive dialogue should prevail rather than extremism.

There is no doubt that a new globalism is shaping up. However, the IMF, WB and WTO are still important cornerstones. BRICS is up and provides new avenues.

Stateless multinational corporations will become more and more common

Also, low labor costs may not be an advantage any longer with the advancement of robotics

Appendix

A-1: With the U.S. Going Rogue, World Fumbles for New Trade Consensus

By Andrew Mayeda and Charlie Devereux — With assistance by Bryce Baschuk 12/09/17

- WTO members meet in Argentina with trade volumes surging
- Trump administration questions WTO's ability to do its job



The silhouette of cranes are seen unloading container ships at the Port of Los Angeles.
Photographer: Patrick T. Fallon/Bloomberg

Trade ministers will meet in Argentina with one of the traditional defenders of free markets, the U.S., questioning the benefits of the international rules it helped to forge. Even though trade volumes are set to grow [faster](#) than the world economy this year for the first time since 2014, members of the World Trade Organization will gather in Buenos Aires concerned about the outlook. While he hasn't followed through on many of his threats to rip up trade accords or take on China, Trump is [questioning](#) the WTO's ability to police global commerce. He's also threatening to walk away from the North American Free Trade Agreement after withdrawing from a 12-nation Asia-Pacific trade pact early this year.

With the U.S. doubting the WTO's very purpose, it will be difficult for trade ministers to make headway in their meetings on anything but narrow issues such as illegal fishing and agricultural subsidies.

"Without U.S. leadership for a positive agenda, there is a clear risk that energies of WTO members could dissipate across the fragmented set of issues and that few policy proposals will advance to conclusion," Douglas Lippoldt, chief trade economist at HSBC, said in a research note.

U.S. Interests

The U.S. played a leading role after the Second World War in negotiating a set of [agreements](#), known as GATT, that committed countries to follow common rules and cut tariffs. The system formed the basis of the WTO, which was created in 1995 and now referees trade disputes.

At the dawn of the millennium, the WTO was pushing trade talks that would lead to a sweeping reduction in tariffs. Those talks, known as the Doha round, have collapsed. In Buenos Aires, ministers will be seeking progress on less challenging topics, including subsidies.

U.S. Trade Representative Robert Lighthizer has said the WTO isn't equipped to deal with what his country sees as China's [mercantilist](#) tactics. The U.S. has been [blocking](#) appointments to the WTO's appeals panel, a move the organization says is undermining its ability to handle disputes. Late last month, a top Treasury Department official said efforts at global

cooperation were hurting the American economy, and [called](#) on other countries to join the U.S. in pushing back against China's failure to transition to a market economy. At the summit, Lighthizer will push for U.S. interests, including institutional reform at the WTO and fair trade, according to a statement from his office.

'It's Dangerous'

"The U.S. is holding the WTO hostage without really stating its demands," said Caroline Freund, a senior fellow at the Peterson Institute for International Economics in Washington. "It's dangerous, because the dispute resolution system is one of the parts of the WTO that's actually working."

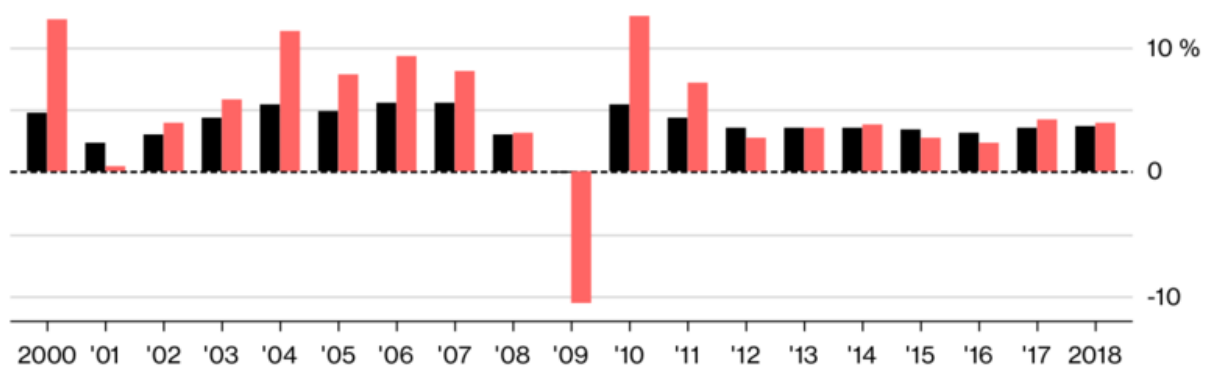
The WTO meeting may reveal how serious the U.S. is in acting on Trump's tough trade talk, said Douglas Holtz-Eakin, president of the American Action Forum, and former chief economist to the Council of Economic Advisers under George W. Bush

"This is a big moment," said Holtz-Eakin. "This will be the first time Lighthizer sits down with a lot of his counterparts."

Catch Me If You Can

Global trade is outpacing economic growth in 2017

■ GDP ■ Trade (goods and services)



(2018 figures are IMF forecast)
International Monetary Fund

Bloomberg

China's Commerce Minister Zhong Shan, Japanese Trade Minister Hiroshige Seko and European Union Trade Commissioner Cecilia Malmstrom are among those expected to attend the meeting, which runs Dec. 10-13.

Former Argentine Foreign Minister Susana Malcorra, who is chairing the meeting, said her priority is to get member countries to acknowledge that the WTO, in spite of its imperfections, is needed to enable global trade. Any further agreements on specific topics would be an added bonus, she said in an interview.

"If we manage to emerge from this meeting with a pledge for a strengthened system, then that in itself will be a great success," Malcorra said. "It's not so long ago that there were people who thought the system was collapsing."

Source: <https://www.bloomberg.com/news/articles/2017-12-09/with-the-u-s-going-rogue-world-fumbles-for-new-trade-consensus>