

PROMOTING RESILIENCE IN THE GLOBAL ECONOMY: THREE OPPORTUNITIES

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Prepared for the Global Business Alliance of New England

27th International Conference

February 25, 2021

“Trade is very important for the 21st century, for resilience, and for sustainable development...”

Dr. Okonjo-Iweala, Director General, WTO

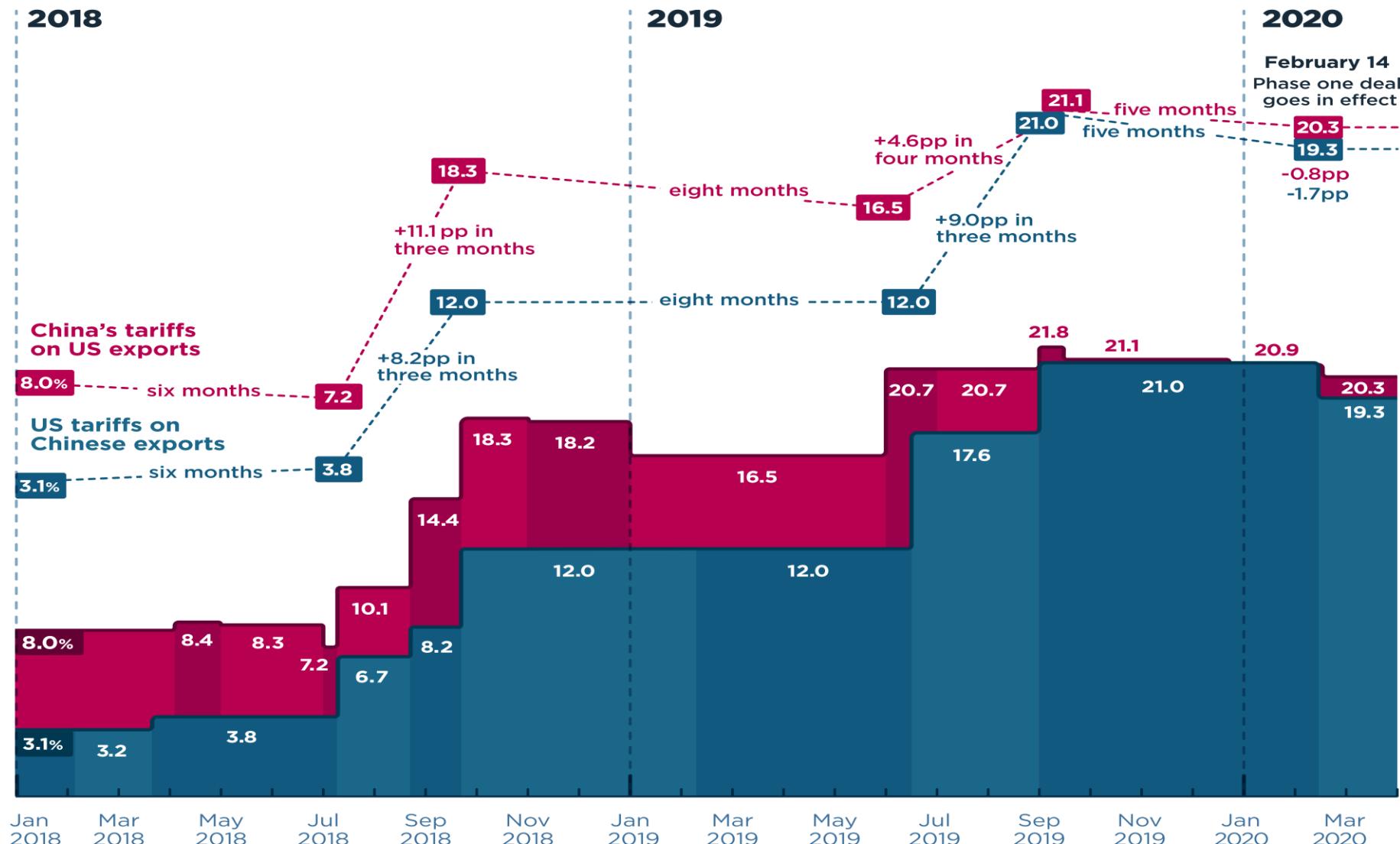
Three Opportunities

- I. Restore open trade between the US and China
- II. Re-open the US market
- III. Re-engage in cooperative dispute resolution

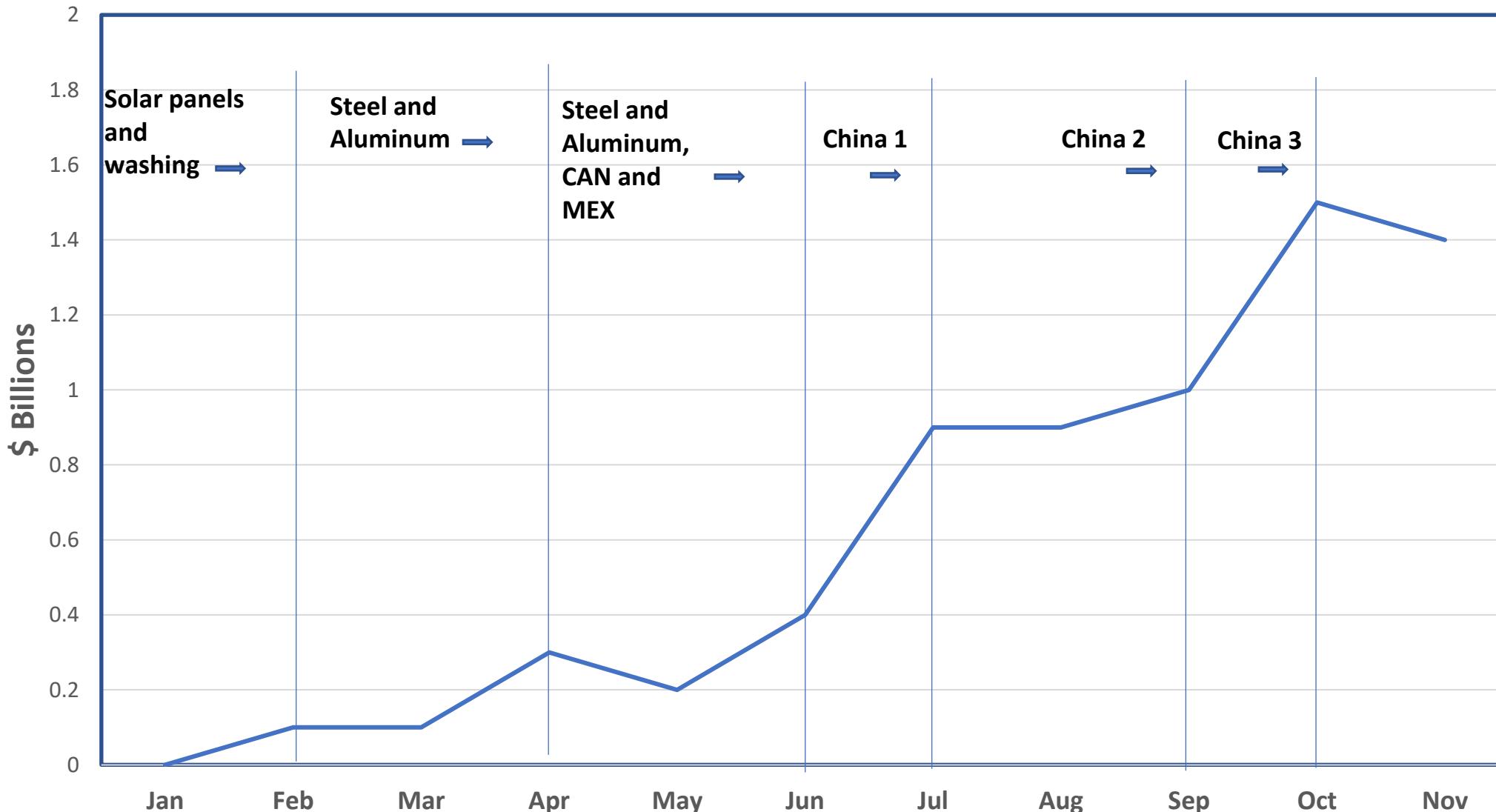
I. Restore open trade between the US and China

US-China Trade War Tariffs: An Up-to-Date Chart

Average tariff rate, percent



Estimated Monthly US Net Losses from US 2018 Trade Barriers



Source: Data from Amiti, et al., 2019. "The Impact of the 2018 Trade War on US Prices and Welfare, *Journal of Economic Perspectives*, .

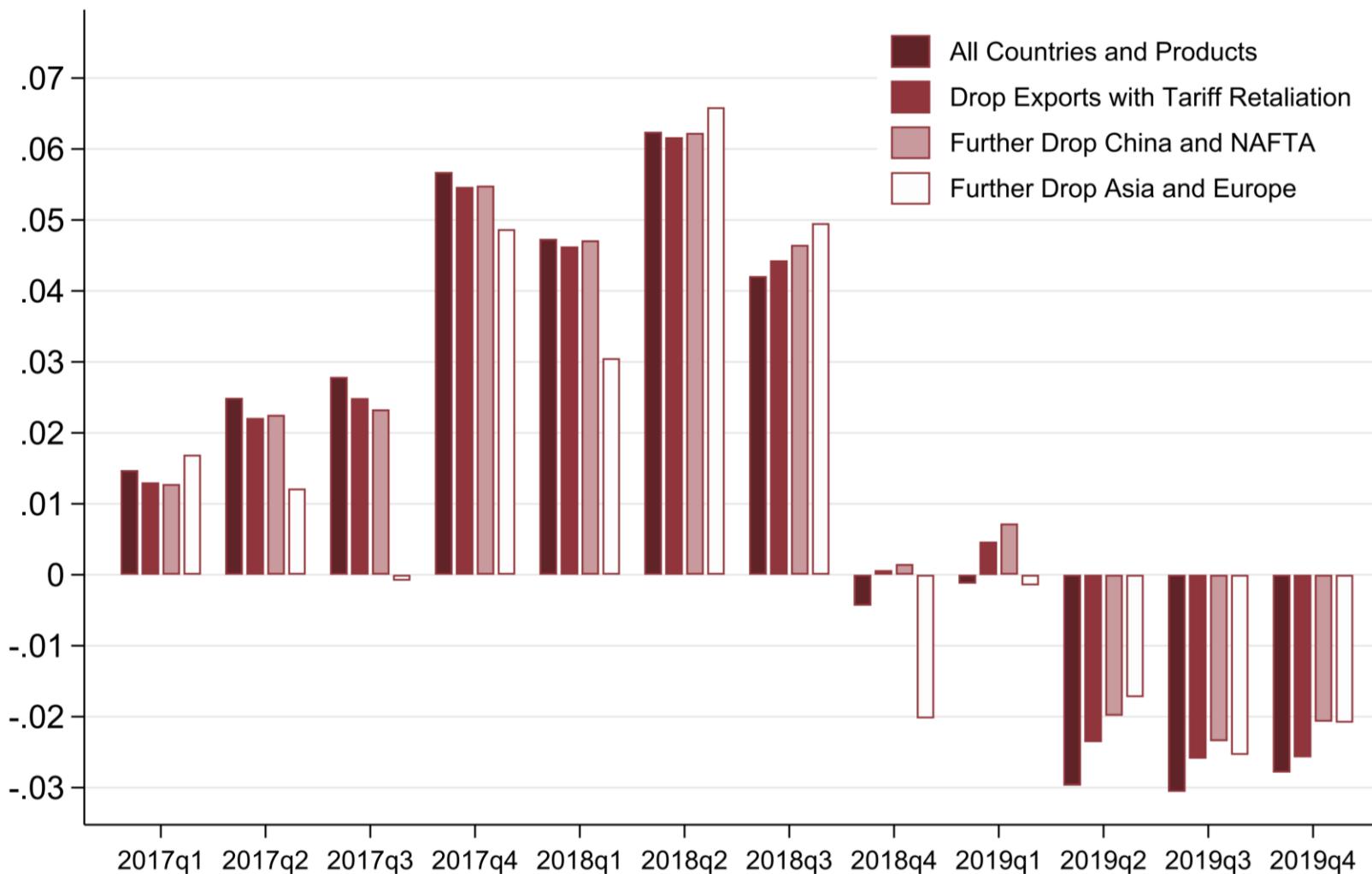
2018 Welfare Loss:
\$8.2 billion
(annual basis)

II. Re-open the US market

Impact of Proposed 25% Auto tariff on US auto prices

	Compact cars	Compact SUVs/ crossovers	Luxury compact SUVs/crossovers
Estimated current dealer price	\$16,852	\$22,516	\$35,020
Foreign content share (2018)	51	56	84
Steel tariff cost increase	\$150	\$204	\$315
Tax under 25 percent Section 232 auto tariff	\$1,907	\$2,985	\$6,798
Tariff pass-through at 100 percent			
Estimated dealer price with steel and Section 232 tariffs	\$18,909	\$25,582	\$41,992
Price increase due to tariffs	\$2,057	\$3,066	\$6,971
Price increase as percent of current dealer price	12.21	13.62	19.91

Average Quarterly Country-Product Export Growth (year on year)



- Declining US export growth
- US GVCs face rising costs due to *US tariffs* on imported inputs
- Equivalent to export taxes of 1.5% - 4%

III. Re-engage in cooperative dispute resolution

US Tariffs Harmed US Technology Competitiveness

Table 2 Characteristics of US imports from China in patent-intensive NAICS sectors (percent)

NAICS sector	Industry description	Share of sector's imports from China, 2017	Share of sector's imports that are US related-party trade, 2016	Estimated share of sector's imports from all FIEs, 2017	Estimated share of sector's imports from HMT-funded firms, 2017	Estimated share of sector's imports from other foreign-funded firms, 2017
325	Chemicals	6.97	30.43	39.54	12.02	27.52
333	Machinery, except electrical	27.31	31.65	64.56	18.95	45.61
334	Computer and electronic products	46.39	40.96	68.09	23.78	44.31
335	Electrical equipment, appliances and components	36.31	21.54	63.13	32.12	31
339	Miscellaneous manufacturing commodities	35.43	17.93	59.6	34.09	25.51

Lovely, M., and Y. Liang, "Trump Tariffs Primarily Hit Multinational Supply Chains, Harm US Technology Competitiveness," PIIE Policy Brief May 2018.

*Restore
Re-open
Re-engage*