

Transatlantic Relations

Kamer
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My main points

- From US leadership to an axis of US-EU –CN
- The EU is deeply interconnected with the US
 - It can deal with trade antagonism
 - But it cannot isolate itself from the US
- The EU needs to protect itself but also global rules

Economic relations (1)

Table 1: Bilateral imports (goods and services) in 2015 for selected partners, (US\$ billion)

	Into:	US	EU27	UK	China*	Japan	Canada
	US		463.5	96.6	150.5	126.3	285.2
	EU27	495.5		445.5	190.4	88.0	35.1
	UK	108.5	348.5		18.9	19.1	12.9
From:	China	517.0	394.9	64.7		172.4	53.4
	Japan	166.0	88.1	14.5	143.1		13.5
	Canada	331.1	31.1	13.5	26.3	11.3	0.0
	World	2784.3	2828.1	845.2	1681.7	817.7	529.5

Source: Bruegel based on UN Comtrade data (available here: <https://comtrade.un.org/data/>).

Note: *China numbers for goods only. Data for goods, bilateral trade on import statistics, which are considered more accurate given the custom system in place to collect tariff revenues. Data for services: Bruegel based on ITC Trade Map and OECD Statistics on International Trade in Services by partner country. Both sources follow the Extended Balance of Payments Services Classification (EBOPS 2010).

Economic relations (2)

Table 2: FDI stocks 2015, *in USD bn*

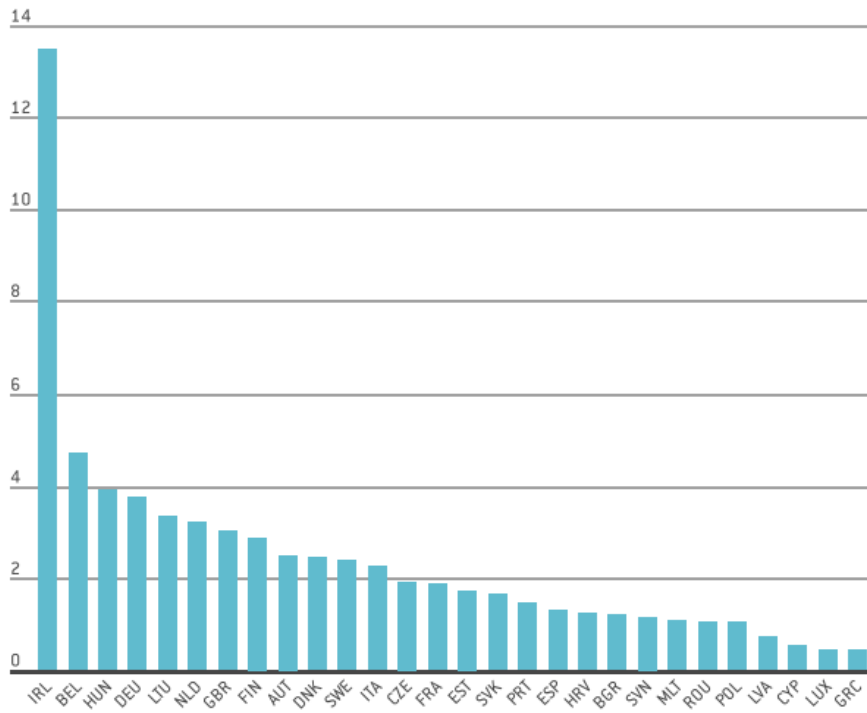
		To:	US	EU27	UK	China*	Japan	Canada
From	US		.	2156.3	433	116.6	51.6	280
	EU27		1382.3	.	679.9	257.9	58.4	150
	UK		484	1248.6	.	42.3	13.2	24.8
	China*		25.9	97.1	20.6	.	8.4	26.7
	Japan		411	115.3	67.7	180.7	.	15.9
	Canada		269	214.3	34.4	15.8	1.2	.
	World		3130	6863.6	1550	2580	171	555

Source: CDIS (Coordinated Direct Investment Survey), IMF, *(including HK)

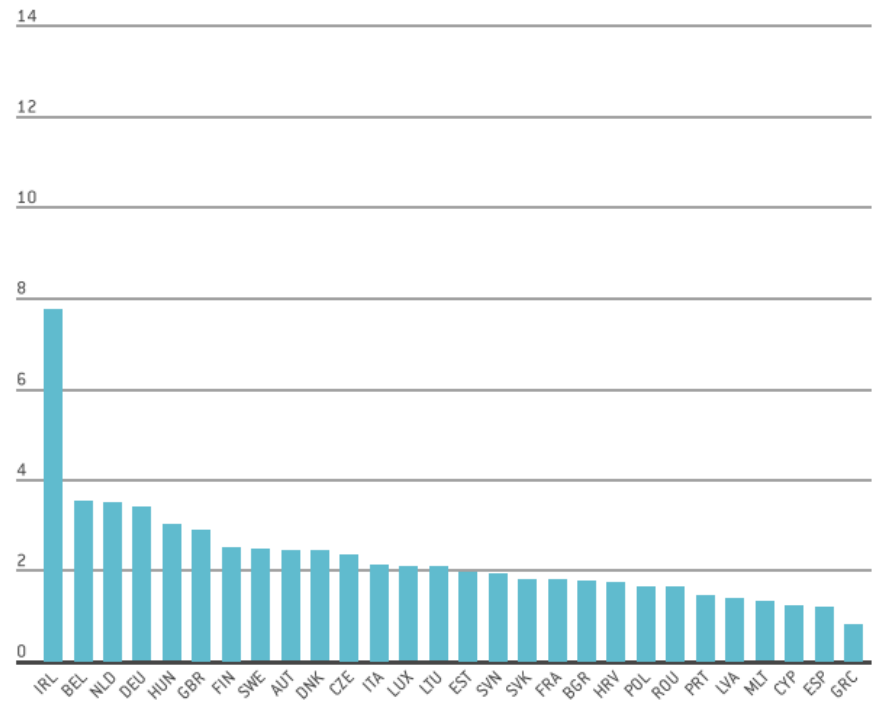
Economic relations (3)

EU Exports to the US

Gross exports to GDP, %

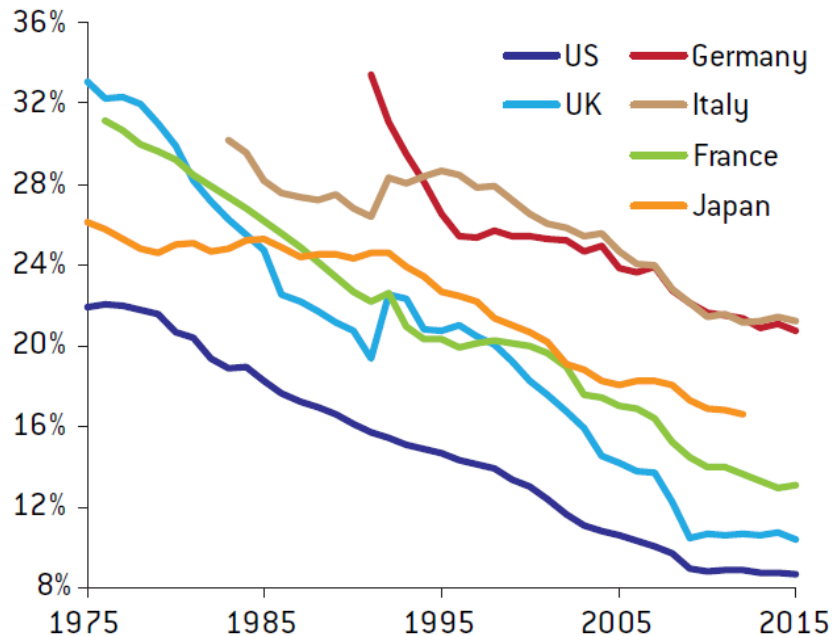


Value-added exports to GDP, %



US strategy: America first

Figure 1: Employment in manufacturing, % of total employment

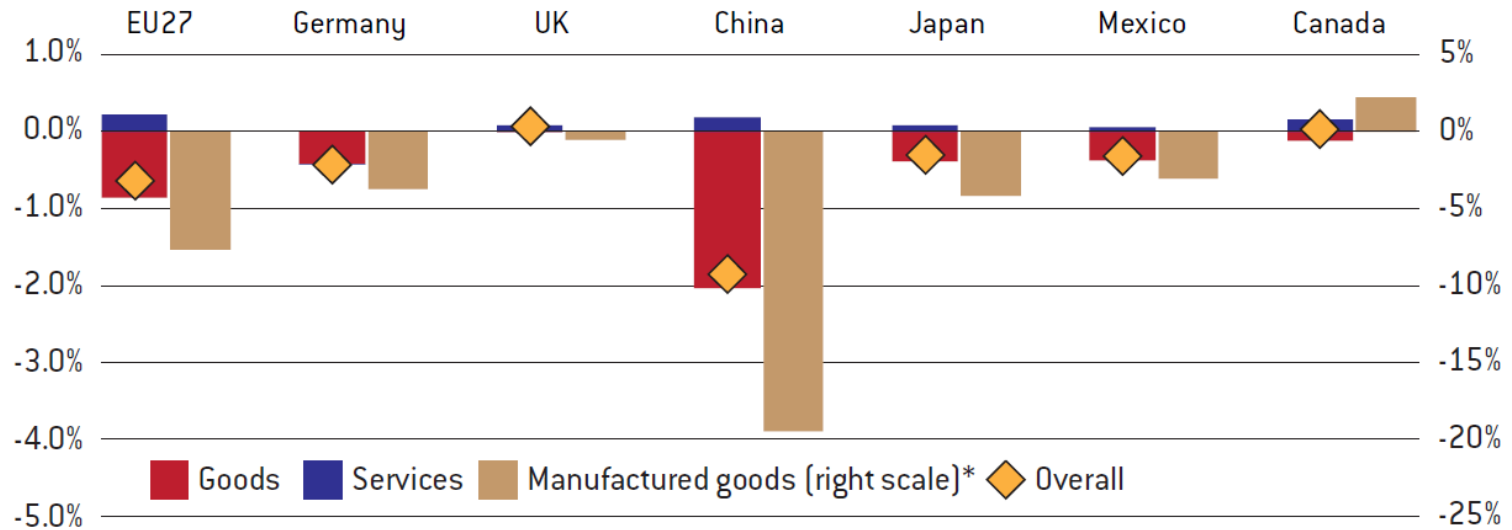


Sources: ILOSTAT, FRED. Notes: Total activity is from LFS where available, and from official estimates otherwise. Manufacturing is measured with Rev.4, otherwise Rev.3 or Rev.2 measures are used upon availability.

Bruegel,
Demertzis, Sapir, Wolff(2017)

US strategy: America first

US BILATERAL TRADE BALANCE AS % US GDP*

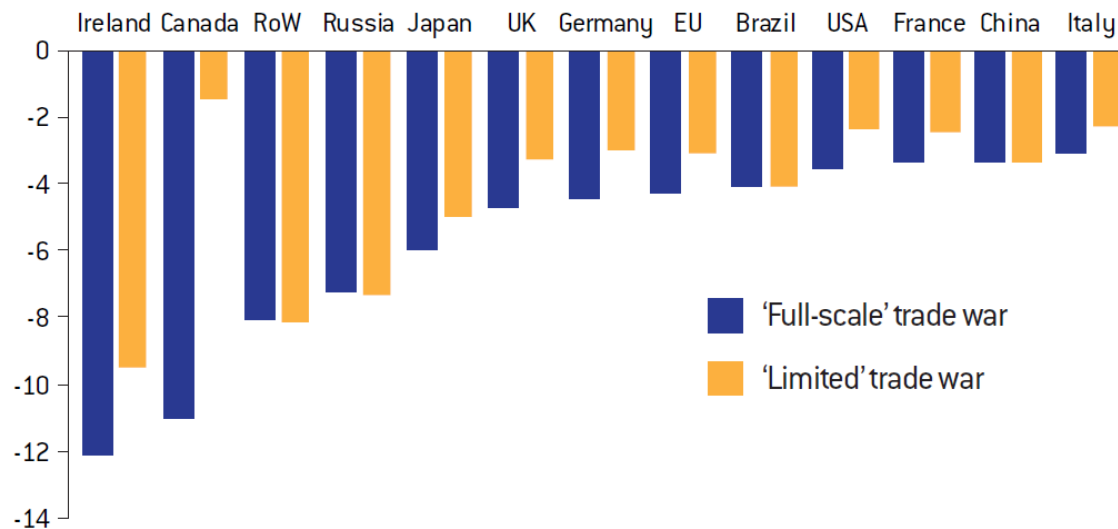


Source: Bruegel. * manufactured goods as % of manufactured value added (right scale). See footnote 11 for detailed note.

Bruegel, Demertzis, Sapir, Wolff(2017)

There are no winners to trade wars

The consequences of a global trade war, in % of GDP



Source: Vicard (2018). Note: RoW = rest of world.

Bruegel: Jean, Martin and Sapir (2018)

The EU response to US trade tariffs

- 1. The EU cannot prevent an escalation but it can contain it.**
- 2. The EU needs to establish deeper economic relations with the rest of the world.**
 - a) Japan, Canada, China?
- 3. Follow the current WTO rule book.**
 - a) help build consensus on reforming parts of the WTO.
- 4. Continue efforts to communicate that trade is not a zero-sum game.**

Thank you