Name: ……………………………………………………….

Year 13 A Level Geography Paper 2 Unit 3 – Superpowers

EQ2 – What are the impacts of Superpowers on the global economy, political systems and the physical environment?

Readings

Article 1

The Global Economic System

Summary of Learning Objectives (what you need to know):

- **Be able to explain how superpowers are able to influence the global economy through a variety of IGOs.**

Intergovernmental Organisations:

After the Second World War, the Allied countries believed that an international economic system with greater cooperation between countries was necessary to prevent a future war. The Bretton Woods conference held in New Hampshire in 1944 led to the rules and **intergovernmental organisations (IGOs)** that now dominate international decision-making. The most notable IGOs are the **International Monetary Fund** (see page 207), the **Organisation for Economic Co-operation and Development** (OECD) and the predecessors to the **World Bank** and the **World Trade Organization** (WTO) (see page 207). The OECD's self-stated mission is to improve the economic and social wellbeing of people world wide through the promotion of improvement policies. The World Bank provides financial and technical assistance to developing countries. It aims to end extreme poverty (those living on less than US$1.90/day) and to promote prosperity among the lower 40% of each country's inhabitants. The WTO manages the global rules of international trade; part of which includes world patents. Predominately controlled by western states one should remember they are indirect instruments through which the west exerts its influence.

Figure 3.12 shows that, although colonialism was an early precursor of globalised **free trade**, the opening up of markets after 1945 led to unprecedented levels of international trade. Typically, the biggest contributors to these IGOs are the USA, UK, Germany, France, Japan and Canada.

At the time of the Bretton Woods Agreement, Soviet Russia refused to ratify agreements to set up these organisations. After the West formed the predecessor to the OECD to distribute US aid to rebuild Europe through the Marshall Plan, Russia formed Comecon, an IGO intended to facilitate cooperation between socialist and communist countries. In response to raised levels of threat from

the Soviet Union, Western Europe and North America created the NATO (North Atlantic Treaty Organisation) military alliance. While Comecon ceased to exist after the fall of the Berlin Wall in 1991, other IGOs continue to place key decisions about global issues in the hands of a relatively small number of leaders – as the following case study shows.

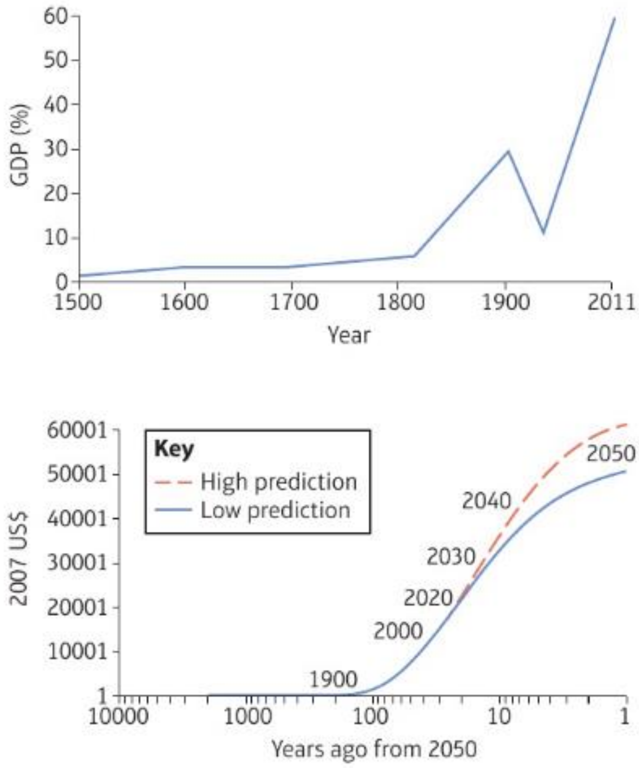


Figure 3.12: Globalisation over five centuries

CASE STUDY: The Côte d'Ivoire, West Africa

The IMF did not allow the Côte d'Ivoire (Ivory Coast) to receive aid until 2013, when its government agreed to set up commercial courts and allow free presidential elections. After economic reforms, US$4.4 billion of debt was cancelled, but cancellation of a further US$10 billion of debt depended on reform of the country's electricity sector to allow companies to react to changes in world energy prices. Investment in education and training has depended on the government creating a more competitive banking sector. The UN still bans diamond exports from the Côte d'Ivoire after the country used them to finance a civil war in 2005. After minimum wages agreements and investment in road infrastructure were achieved in 2011, the country was allowed to export cocoa again.

IGOs aim to promote free trade and capitalism in countries around the world. The policies they encourage or impose are intended to help countries go through Rostow's hypothesised five stages of modernisation theory that the USA and Europe have already experienced. Critics point to dependency theory to show how some policies, such as structural adjustment programmes, although intended to reduce poverty through loans, may erode national sovereignty and promote austerity programmes in those countries, sometimes undermining education, health and social programmes. Jubilee Debt Relief programmes established between 2000 and 2010 require countries to stay on track to continue with debt cancellation. These decisions demonstrate the influence superpower countries maintain through IGOs.

Article 2

The World in 2050 Will the shift in global economic power continue

1.1. Highlights In our latest World in 2050 report we present economic growth projections for 32 of the largest economies in the world, accounting for around 84% of global GDP.

We project the world economy to grow at an average of just over 3% per annum in the period 2014 – 50, doubling in size by 2037 and nearly tripling by 2050.

But we expect a slowdown in global growth after 2020, as the rate of expansion in China and some other major emerging economies moderates to a more sustainable long-term rate, and as working age population growth slows in many large economies.

The global economic power shift1 away from the established advanced economies in North America, Western Europe and Japan will continue over the next 35 years. China has already overtaken the US in 2014 to become the largest economy in purchasing power parity (PPP2) terms. In market exchange rate (MER) terms, we project China to overtake the US in 2028 despite its projected growth slowdown.

India has the potential to become the second largest economy in the world by 2050 in PPP terms (third in MER terms), although this requires a sustained programme of structural reforms3.

We project new emerging economies like Mexico and Indonesia to be larger than the UK and France by 2030 (in PPP terms) while Turkey could become larger than Italy. Nigeria and Vietnam could be the fast growing large economies over the period to 2050.

Colombia, Poland, and Malaysia all possess great potential for sustainable long-term growth in the coming decades according to our country experts.

At the same time, recent experience has re-emphasised that relatively rapid growth is not guaranteed for emerging economies, as indicated by recent problems in Russia and Brazil, for example. It requires sustained and effective investment in infrastructure and improving political, economic, legal, and social institutions. It also requires remaining open to the free flow of technology, ideas and talented people that are key drivers of economic catch-up growth.

We think that overdependence on natural resources could also impede long term growth in some countries (e.g. Russia, Nigeria, and Saudi Arabia) unless they can diversify their economies. 1.2. Key findings: GDP projections to 2050 This report updates our long-term global economic growth projections4, which were last published in January 2013. These are based on a model that takes account of projected trends in demographics, capital investment, education levels and technological progress. We have updated both the base year data (from 2011 to 2014) and

1 This is one of the five long-term megatrends that have been the focus of much recent PwC research, and is closely related to other key global trends related to demographic and social change, rapid urbanisation, technological breakthroughs, and resource scarcity and climate change. For more details of this megatrends research, please see our website here: http://www.pwc.co.uk/issues/megatrends/index.jhtml 2 PPP estimates adjust for price level differences across countries (see Appendix A for more details). They therefore provide a better measure of the volume of goods and services produced than GDP at

current market exchange rates. 3 As discussed further in the recent PwC report on the future of India 'The Winning Leap': http://www.pwc.in/en_in/in/assets/pdfs/futureof-india/future-of-india-the-winning-leap.pdf. Potentially, Indian GDP could reach $10 trillion by 2035 if the right policies are pursued. 4 Our projections indicate potential growth if broadly growth-friendly policies are pursued by governments in these countries and if there are no major global catastrophes (e.g. global nuclear war, asteroid collision, long-lasting global pandemic). They are subject to many uncertainties as discussed in the scenario analysis in Section 3.4 of the report.

1. Summary: The world in 2050

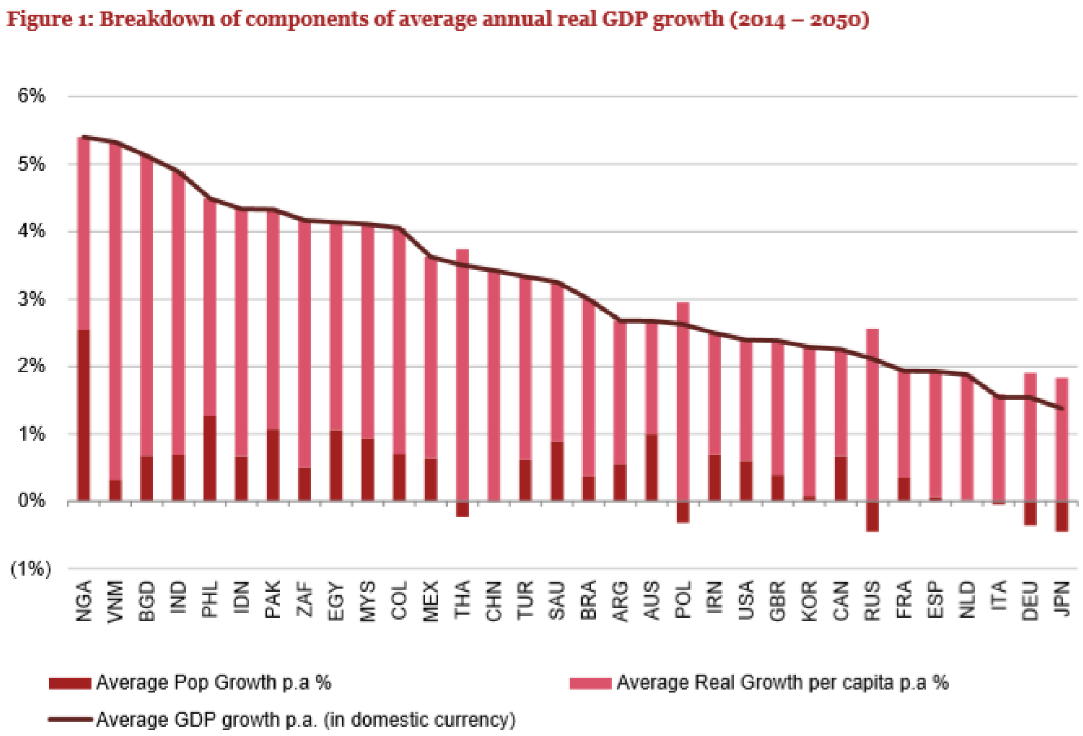
The World in 2050

Will the shift in global economic power continue? PwC 2

future assumptions on the key drivers of growth, as well as expanding the coverage of the model from 24 to 32 countries (now accounting for around 84% of total world GDP at PPP exchange rates).

Figure 1 below shows the estimated average real GDP growth rates for the 32 economies covered in this study over the period to 2050. Newly emerging economies such as Nigeria and Vietnam could grow at 5% or more per annum on average over this period, whilst the growth of established emerging economies such as China may moderate to around 3-4%. Advanced economies are projected to grow at around 1.5-2.5% per annum in the long run, with variations reflecting different working age population growth to a significant degree.

Figure 1: Breakdown of components of average annual real GDP growth (2014 – 2050)



Source: PwC analysis

The changing league table of world GDP in PPP terms is shown in Table 1. China is already the world's biggest economy in PPP terms, and we project that India could have the potential to just overtake the US as the world's second largest economy by 2050 in PPP terms (although the projected difference is small relative to the margin of uncertainty around any such projections).

We project that the gap between the three biggest economies (i.e. China, India, and the US) and the rest of the world will widen over the next few decades. In 2014, the third biggest economy in PPP terms (India) is around 50% larger than the fourth biggest economy (Japan). In 2050, the third biggest economy in PPP terms (the US) is projected to be approximately 240% larger than the fourth biggest economy (Indonesia).

The rise of Indonesia and Nigeria through the world rankings throughout the period to 2050 is very striking: Indonesia rises from 9th in 2014 to 4th in 2050, and Nigeria rises from 20th in 2014 to 9th in 2050.

However, average income per capita (i.e. GDP per capita) will still be significantly higher in the advanced economies than the emerging economies in 2050. The current gap in income per capita between developing and developed countries is just too large to bridge fully over this period.

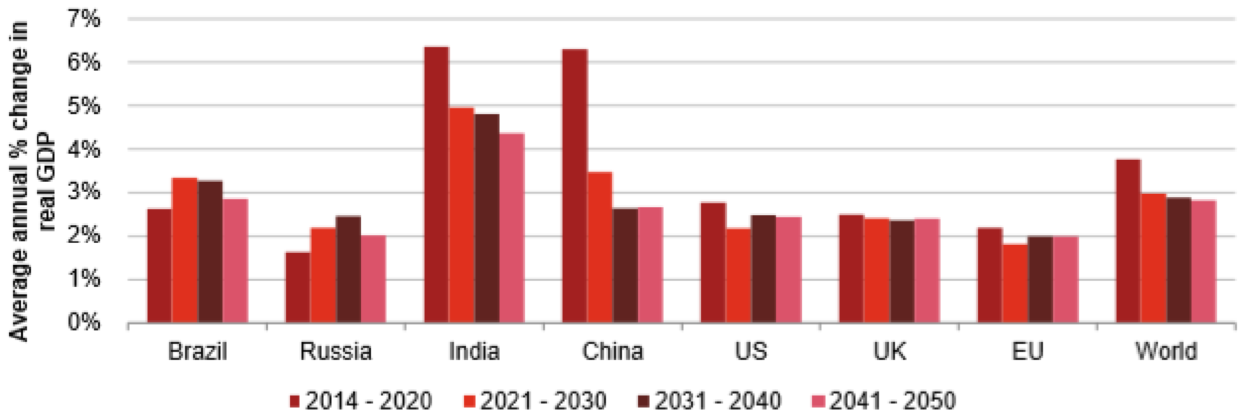
Table 1: GDP at PPP rankings

PPP rank	2014 Country	2014 GDP at PPP (2014 US$bn)	2030 Country	2030 Projected GDP at PPP (2014 US$bn)	2050 Country	2050 Projected GDP at PPP (2014 US$bn)
1	China	17,632	China	36,112	China	61,079
2	United States	17,416	United States	25,451	India	42,205
3	India	7,277	India	17,138	United States	41,384
4	Japan	4,788	Japan	6,006	Indonesia	12,210
5	Germany	3,621	Indonesia	5,486	Brazil	9,164
6	Russia	3,559	Brazil	4,996	Mexico	8,014
7	Brazil	3,073	Russia	4,854	Japan	7,914
8	France	2,587	Germany	4,590	Russia	7,575
9	Indonesia	2,554	Mexico	3,985	Nigeria	7,345
10	United Kingdom	2,435	United Kingdom	3,586	Germany	6,338
11	Mexico	2,143	France	3,418	United Kingdom	5,744
12	Italy	2,066	Saudi Arabia	3,212	Saudi Arabia	5,488
13	South Korea	1,790	South Korea	2,818	France	5,207
14	Saudi Arabia	1,652	Turkey	2,714	Turkey	5,102
15	Canada	1,579	Italy	2,591	Pakistan	4,253
16	Spain	1,534	Nigeria	2,566	Egypt	4,239
17	Turkey	1,512	Canada	2,219	South Korea	4,142
18	Iran	1,284	Spain	2,175	Italy	3,617
19	Australia	1,100	Iran	1,914	Canada	3,583
20	Nigeria	1,058	Egypt	1,854	Philippines	3,516
21	Thailand	990	Thailand	1,847	Thailand	3,510
22	Egypt	945	Pakistan	1,832	Vietnam	3,430
23	Poland	941	Australia	1,707	Bangladesh	3,367
24	Argentina	927	Malaysia	1,554	Malaysia	3,327
25	Pakistan	884	Poland	1,515	Iran	3,224
26	Netherlands	798	Philippines	1,508	Spain	3,099
27	Malaysia	747	Argentina	1,362	South Africa	3,026
28	Philippines	695	Vietnam	1,313	Australia	2,903
29	South Africa	683	Bangladesh	1,291	Colombia	2,785
30	Colombia	642	Colombia	1,255	Argentina	2,455
31	Bangladesh	536	South Africa	1,249	Poland	2,422
32	Vietnam	509	Netherlands	1,066	Netherlands	1,581

The World in 2050

The model projections highlight a likely moderation in growth rates after 2020 Figure 2 shows projected average annual real GDP growth rates for the BRICs, the US, the UK, the EU, and the world over the period to 2020 and in the following three decades. Our model suggests that growth in emerging economies, particularly China but also to a lesser degree India, could moderate after 2020 as they mature. In general, as is consistent with the findings of recent academic research by Larry Summers and Lant Pritchett5, our projections shows a tendency for growth rates to ‘regress to the mean’ in the long run. Brazil and Russia show a slightly different pattern since short-term problems give them scope to improve in the 2020s, but they too see their growth rates revert back towards the advanced economy norm of around 2% in the longer run.

Figure 2: Projected growth profiles for major economies – Regression to the mean



Source: PwC analysis

Of course, any such long-term growth projections are subject to many uncertainties. In Section 3.4 of the report, for example, we consider an alternative downside scenario where global growth could average around 0.7% per annum lower, leading to global GDP by 2050 being around 22% lower than in our main projections. This reflects less favourable assumptions on technological progress, investment levels and catch-up rates for emerging economies, although of course there could also be upside possibilities that would push global growth above our baseline projections.

Article 3

UNDERSTANDING THE WTO: BASICS

The case for open trade

The economic case for an open trading system based on multilaterally agreed rules is simple enough and rests largely on commercial common sense. But it is also supported by evidence: the experience of world trade and economic growth since the Second World War. Tariffs on industrial products have fallen steeply and now average less than 5% in industrial countries. During the first 25 years after the war, world economic growth averaged about 5% per year, a high rate that was partly the result of lower trade barriers. World trade grew even faster, averaging about 8% during the period.

The data show a definite statistical link between freer trade and economic growth. Economic theory points to strong reasons for the link. All countries, including the poorest, have assets — human, industrial, natural, financial — which they can employ to produce goods and services for their domestic markets or to compete overseas. Economics tells us that we can benefit when these goods and services are traded. Simply put, the principle of "comparative advantage" says that countries prosper first by taking advantage of their assets in order to concentrate on what they can produce best, and then by trading these products for products that other countries produce best.

In other words, liberal trade policies — policies that allow the unrestricted flow of goods and services — sharpen competition, motivate innovation, and breed success. They multiply the rewards that result from producing the best products, with the best design, at the best price.

But success in trade is not static. The ability to compete well in particular products can shift from company to company when the market changes or new technologies make cheaper and better products possible. Producers are encouraged to adapt gradually and in a relatively painless way. They can focus on new products, find a new "niche" in their current area, or expand into new areas.

Experience shows that competitiveness can also shift between whole countries. A country that may have enjoyed an advantage because of lower labour costs or because it had good supplies of some natural resources, could also become uncompetitive in some goods or services as its economy develops. However, with the stimulus of an open economy, the country can move on to become competitive in some other goods or services. This is normally a gradual process.

Nevertheless, the temptation to ward off the challenge of competitive imports is always present. And richer governments are more likely to yield to the siren call of protectionism, for short term political gain — through subsidies, complicated red tape, and hiding behind legitimate policy objectives such as environmental preservation or consumer protection as an excuse to protect producers.

Protection ultimately leads to bloated, inefficient producers supplying consumers with outdated, unattractive products. In the end, factories close and jobs are lost despite the protection and subsidies. If other governments around the world pursue the same policies, markets contract and world economic activity is reduced. One of the objectives that governments bring to WTO negotiations is to prevent such a self-defeating and destructive drift into protectionism.

Comparative advantage

This is arguably the single most powerful insight into economics.

Suppose country A is better than country B at making automobiles, and country B is better than country A at making bread. It is obvious (the academics would say "trivial") that both would benefit if A specialized in automobiles, B specialized in bread and they traded their products. That is a case of absolute advantage.

But what if a country is bad at making everything? Will trade drive all producers out of business? The answer, according to Ricardo, is no. The reason is the principle of comparative advantage.

It says, countries A and B still stand to benefit from trading with each other even if A is better than B at making everything. If A is much more superior at making automobiles and only slightly superior at making bread, then A should still invest resources in what it does best — producing automobiles — and export the product to B. B should still invest in what it does best — making bread — and export that product to A, even if it is not as efficient as A. Both would still benefit from the trade. A country does not have to be best at anything to gain from trade. That is comparative advantage.

The theory dates back to classical economist David Ricardo. It is one of the most widely accepted among economists. It is also one of the most misunderstood among non-economists because it is confused with absolute advantage.

It is often claimed, for example, that some countries have no comparative advantage in anything. That is virtually impossible.

Think about it ...

Article 4

10/9/2020 More pain than gain: How the US-China trade war hurt America

https://www.brookings.edu/blog/order-from-chaos/2020/08/07/more-pain-than-gain-how-the-us-china-trade-war-hurt-america/ 1/7

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Order from Chaos More pain than gain: How the US-China trade war hurt America

Ryan Hass and Abraham Denmark Friday, August 7, 2020 Editor's Note: The ultimate results of the phase one trade deal between China and the United States — and the trade war that preceded it — have significantly hurt the American economy without solving the underlying economic concerns that the trade war was meant to resolve, writes Ryan Hass and Abraham Denmark. The consequences that have followed in the wake of the economic clash have served to exacerbate bilateral relations. This piece originally appeared in SupChina.

as a candidate in 2016, Donald Trump built his argument for the presidency around his claimed acumen as a dealmaker. As the 2020 election draws nearer, President Trump and his surrogates are doubling down on that assertion, including by calling attention to what he has deemed "the biggest deal ever seen": the "phase one" trade deal with China. The agreement reportedly includes a Chinese commitment to purchase an additional $200 billion in American goods above 2017 levels by the end of 2021.

Six months after the deal was inked, the costs and benefits of this agreement are coming into clearer focus. Despite Trump's claim that "trade wars are good, and easy to win," the ultimate results of the phase one trade deal between China and the United States — and the trade war that preceded it — have significantly hurt the American economy without solving the underlying economic concerns that the trade war was meant to resolve. The effects of the trade war go beyond economics, though. Trump's prioritization on the trade deal and de-prioritization of all other dimensions of the relationship produced a more permissive environment for China to advance its interests abroad and oppress its own people at home, secure in the knowledge that American responses would be muted by a president who was reluctant to risk losing the deal. Origins of the trade war

During the 2016 presidential campaign, a consistent refrain from then-candidate Trump was to point to U.S. trade with China, and the agreements that enabled it, as a primary cause of the loss of U.S. manufacturing jobs and intellectual property. He said China was responsible for "the greatest theft in the history of the world" and lambasted the U.S. trade deficit with China, which in 2016 stood at around $346 billion. He declared, "We can't continue to allow China to rape our country." Building on the image of Donald Trump as the ultimate dealmaker, his campaign released a strategy to reform the U.S.-China trade relationship, in which it pledged to "cut a better deal with China that helps American businesses and workers compete." Trump laid out a four-part plan to secure a better deal with China: declare China a currency manipulator; confront China on intellectual property and forced technology transfer concerns; end China's use of export subsidies and lax labour and environmental standards; and lower America's corporate tax rate to make U.S. manufacturing more competitive.

Upon entering ofce, Trump sought to engage Beijing directly to address structural concerns about China's economic policies. Just three months into his administration, he met with Chinese leader Xí Jìnpíng 习近平 at Mar-a-Largo, where they agreed to establish a 100-Day Action Plan to resolve trade differences. The next month, China agreed to open its economy (slightly) to U.S. rms and services in exchange for greater Chinese access on bilateral trade and U.S. recognition of China's Belt and Road Initiative. Yet follow-on negotiations ended as Washington pushed Beijing for more concessions and Beijing rebuffed American pressure. The 100 days concluded in July 2017 with no agreement, no press conference, and no joint statement out of the next meeting of the U.S.-China Comprehensive Economic Dialogue (which was declared dead by the Trump administration four months later).

President Trump launched the trade war to pressure Beijing to implement significant changes to aspects of its economic system that facilitate unfair Chinese trade practices, including forced technology transfer, limited market access, intellectual property theft, and subsidies to state-owned enterprises. Trump argued that unilateral tariffs would shrink the U.S. trade deficit with China and cause companies to bring manufacturing jobs back to the United States. Between July 2018 and August 2019, the United States announced plans to impose tariffs on more than $550 billion of Chinese products, and China retaliated with tariffs on more than $185 billion of U.S. goods.

Economic costs of the trade war

The trade war caused economic pain on both sides and led to diversion of trade away from both China and the United States. As described by Heather Long at the Washington Post, "U.S. economic growth slowed, business investment froze, and companies didn't hire as many people. Across the nation, a lot of farmers went bankrupt, and the manufacturing and freight transportation sectors have hit lows not seen since the last recession. Trump's actions amounted to one of the largest tax increases in years."

A September 2019 study by Moody's Analytics found that the trade war had already cost the U.S. economy nearly 300,000 jobs and an estimated 0.3% of real GDP. Other studies put the cost to U.S. GDP at about 0.7%. A 2019 report from Bloomberg Economics estimated that the trade war would cost the U.S. economy $316 billion by the end of 2020, while more recent research from the Federal Reserve Bank of New York and Columbia University found that U.S. companies lost at least $1.7 trillion in the price of their stocks as a result of U.S. tariffs imposed on imports from China.

Numerous studies have found that U.S. companies primarily paid for U.S. tariffs, with the cost estimated at nearly $46 billion. The tariffs forced American companies to accept lower profit margins, cut wages and jobs for U.S. workers, defer potential wage hikes or expansions, and raise prices for American consumers or companies. A spokesperson for the American Farm Bureau stated that "farmers have lost the vast majority of what was once a $24 billion market in China" as a result of Chinese retaliatory actions.

Meanwhile, the U.S. goods trade deficit with China continued to grow, reaching a record $419.2 billion in 2018. By 2019, the trade deficit had shrunk to $345 billion, roughly the same level as 2016, largely as a result of reduced trade. It should be noted that, while the U.S. deficit with China decreased, its overall trade deficit did not. Trump's unilateral tariffs on China diverted trade from China, causing the U.S. trade deficit with Europe, Mexico, Japan, South Korea, and Taiwan to increase as a result.

China also felt economic pain as a result of the trade war, though apparently not enough to capitulate to the Trump administration's core demands for major structural reform. Indeed, as the trade war dragged on, Beijing lowered its tariffs for its other trading partners as it reduced its reliance on U.S. markets. The deal that both sides announced on January 15, 2020, largely resembled the offer Beijing had put on the table from the start — increased goods purchases plus commitments on improved intellectual property protection, currency, and forced technology transfer.

Missing from the deal was any forward movement on subsidies, state-owned enterprises, and China's uses of industrial policy to advantage its own rms over foreign competitors. Progress on market access also proved underwhelming outside of the financial sector. These and other challenges were put off for a phase two negotiation, which Trump recently said is not under consideration. A more permissive environment for Chinese aggression and suppression

Throughout this period, President Trump made efforts to develop a smooth and positive relationship with China — and especially with Xi Jinping — and explained his efforts as serving the purpose of advancing trade negotiations. Trump lauded Xi's strength and leadership publicly while shying away from points of sharp bilateral friction in private engagements. Instead, Trump reportedly used his private exchanges with Xi to urge him to act on his personal priorities, most of which related to the trade negotiations, and, for a time, North Korea.

In June 2019, Trump reportedly promised Xi Jinping in a private phone call that the United States would refrain from criticizing China over Hong Kong while trade negotiations were ongoing. The following month, Trump said he believed that Xi Jinping had acted "very responsibly" with the protests in Hong Kong, adding, "We're working on trade deals right now. We'll see what happens." He expressed similar sentiments publicly in November when he shied away from criticizing Xi about Hong Kong and linked the issue to trade negotiations, saying, "We have to stand with Hong Kong, but I'm also standing with President Xi." He further said that Xi is "a friend of mine, he's an incredible guy," and described the Hong Kong protests as a "complicating factor" in trade talks. On January 10, 2020, when Laura Ingraham on Fox News asked Trump about "the human rights issue in China" and referenced "a million people in re-education camps, internment camps," he replied, "Well, I'm riding a new line, because we're making…great trade deals."

John Bolton, then national security adviser, claims that the reasons behind President Trump's prioritization of a trade deal above other considerations with China were made clear in a private meeting with Xi Jinping at the June 2019 G-20 summit in

Japan. According to Bolton, Trump told Xi to go ahead with building camps to detain 1 million or more Uyghur Muslims in Xinjiang, saying it was exactly the right thing to do, and asked Xi Jinping to help him win the upcoming presidential election by increasing purchases of soybeans and wheat. Trump later challenged Bolton's characterization of events, tweeting that Bolton's book "is a compilation of lies and made up stories"; Trump specifically denied Bolton's claims about Xinjiang. Yet at a campaign rally in Manchester, New Hampshire, on February 10, 2020, Trump declared, "Last month, we signed a ground-breaking trade agreement with China that will defeat so many of our opponents."

Although other members of the Trump administration, including Vice President Mike Pence and Secretary of State Mike Pompeo, have been outspoken in their criticism of China's repression at home and aggression abroad, their statements have not been seen in Beijing as a substitute for presidential opprobrium. During this period, the Trump administration did take a wide range of actions against China, including tightening export controls, enhancing investment screening, challenging Chinese technology companies, and blunting the Belt and Road Initiative. In Beijing's top-down Leninist system, though, the signals that other leaders send to Xi Jinping, and Xi's responses to those messages, carry significant weight. Neither the United States nor any other country gets to have two foreign policies with China. There only is one. Beijing's antennae are tuned to the signals that other leaders send.

To be clear, the Chinese leadership owns full responsibility for its recklessly nationalistic actions along its periphery and its brutal suppression at home. Beijing's decisions to move in its current direction were made simpler, though, by its confidence in Trump's tight focus on trade and his interest in not allowing other issues to obstruct completion of a deal or derail the deal's implementation.

Even in the weeks following the signing of the phase one trade deal, President Trump remained focused on reassuring Xi of his support. For weeks, Trump repeatedly praised Xi's response to the rapid spread of COVID-19 in China. Trump's tone would not change until the virus took its toll on the United States.

Was the trade war worth it?

The two sides declared a truce in the trade war at an ornate signing ceremony at the White House involving President Trump and Chinese Vice Premier Liú Hè 刘鹤, the 11th ranked member in the Chinese leadership. Although the full text of the agreement has not been made public, reports say the agreement commits China to purchasing an extra $200 billion in American products over two years above 2017 levels. The text of the agreement that has been made public shows China committing to protect American intellectual property, halt coercive technology transfers, and refrain from using currency devaluation as a trade weapon. It also included an enforcement mechanism that would allow for the imposition of import tariffs if disputes are not resolved.

In the six months since the deal was signed, the prospects of China meeting its purchasing targets have dimmed considerably. According to Bloomberg calculations based on Chinese Customs Administration data, China in the first half of 2020 had purchased only 23% of the total purchase target for the year. While part of this is attributable to trade ow disruptions caused by COVID-19, much of the gap owes to the impracticality of the agreement from the start. In the phase one deal, as described by Brad W. Setser and

Dylan Yalbir at the Council on Foreign Relations, China committed to purchasing roughly $60 billion more in U.S. goods than it had in 2017 — roughly $180 billion in U.S. goods this year. Yet U.S. goods exports to China currently are significantly below what they were in 2017.

In other words, Beijing essentially paid for the deal with a promise of a windfall in purchases of American goods. It appears that President Trump accepted an IOU as a declaration of victory.

Time will tell if the innovations in the agreement on enforcement will succeed where others have failed, and much will depend on China's willingness to translate agreements into law and, crucially, enforce them. Yet the key question for the United States — especially today, as the U.S. economy is in its worst state since the Great Depression as a result of the COVID-19 pandemic — is if the economic costs it paid for those enforcement agreements were worth the billions of dollars lost in value, the hundreds of thousands of jobs lost, the stagnation of U.S. manufacturing, and the devastating effects of the trade war on American farmers.

Ultimately, the phase one agreement disappointed because it, along with the trade war, severely damaged the U.S. economy while failing to make significant progress in fundamentally resolving the structural imbalances of the U.S.-China trade relationship.

Article 5

Trump is losing his new 'Cold War' with China

Opinion by Robert B. Zoellick Oct. 7, 2020 at 5:40 p.m. GMT+1

Robert B. Zoellick is a former U.S. trade representative and deputy secretary of state. He is the author of "America in the World: A History of U.S. Diplomacy and Foreign Policy."

President Trump's China policy, which always prized posturing over success, has been a total failure.

When he took office, Trump declared that he would end the U.S. trade deficit with China. But the red ink for 2019 — $346 billion — matched the deficit for 2016 almost precisely. The trend, moreover, favours China: For this year through August, U.S. exports to China rose only 1.8 percent while China's sales to America jumped 20 percent. Even worse, Trump's global deficit for trade and services rose from $481 billion in 2016 to $577 billion in 2019, in part because some of China's exports just shifted to other countries, not to U.S. producers.

Trump's trade package with China has been a bust. Instead of achieving changes in China's barriers and rules, the administration opted for state-directed trade. But with three-fourths of 2020 over, China has fulfilled less than one-third of Trump's sham contract. Moreover, Trump's deal left out almost 40 percent of U.S. exports — and China's purchases of those goods actually fell by 30 percent. As former national security adviser John Bolton revealed, Trump gave up sanctions on Chinese technology firms when China offered to restart politically sensitive farm purchases; even given this, Trump's trade conflicts forced him to spend $28 billion to compensate U.S. farmers. He also stuck Americans with an annual bill for higher taxes on $350 billion of purchases from China. Last year, Moody's Analytics estimated that Trump's trade war with China has resulted in 300,000 fewer jobs being created in the United States.

The administration's fear of China has led it to imitate Beijing, sabotaging America's premier strength: fair, innovative, and competitive markets governed by the rule of law. The shenanigans over TikTok signal to the world that Trump wants political control over companies and investments in an economy in which executives must pay political favours to win the blessing of the White House court. Trump's barrage of threats about sanctions, export controls, investment screening, doing business abroad, visas, supply chains — echoed by warnings from the attorney general and the FBI — risks disguising intimidation with the rationale of national security.

Trump's security policies match his economic bumbling. His on-off affair with Kim Jong Un of North Korea highlights his fascination with image over substance. Trump idolizes authoritarian strongmen and disdains democratic leaders. He threatens to cut off alliances with South Korea and Japan unless they fulfil his whims. He treats America's soldiers like mercenaries for hire. Trump transfers defense funds to his wall against Mexico instead of investing in new technologies and weapons to deny China's domain in the sea in the event of conflict. Nor can Trump grasp how economic ties can boost security. He trashed the Trans-Pacific Partnership, which would have deepened economic ties with 11 friends while advancing economic rules that China needs to respect.

Trump has no interest in human rights. His acolytes think that throwing out journalists, shutting down a consulate and imposing sanctions on Chinese officials show strength. Instead, the United States signals fear and weakness

China cannot compete with America's appeal as an open society.

The United States can compete successfully with China, which faces huge economic, demographic, health, and environmental problems. China's global bullying offers opportunities for deft, not daft, diplomacy. For example, the best way to challenge China's intimidation in Hong Kong would be to open freedom's door to the people of Hong Kong.

America's competitive strength begins at home. The United States should be a magnet for people, ideas, innovation, investments, and trade. America's internal arguments — for example about the #MeToo and Black Lives Matter movements — spark global debates. When a democratic America overcomes problems, the country shines as a beacon.

The United States needs to draw others to our side by listening, offering respect, and prodding action in pursuit of common interests. "America First" should not mean America alone. Countries around the Indo-Pacific want the United States to compete with China, not to pretend to contain it. While China has been working within international organizations to advance its national interests, the United States has been disengaging, and occasionally stomping away in frustration.

The United States should be the world's leader in biological security; inclusive economic growth; environmental safety; cybersecurity, data privacy and digital opportunity; non-proliferation of weapons of mass destruction; and fostering free societies. That agenda can rebuild the Atlantic alliance; the combined weight of America and Europe can push back against China.

But there's also room for cooperation with China. Trump ceded the fight, retreating through decoupling and state directed trade. But the United States should be insisting on reciprocity through rules. For example, China's new intellectual property courts are finding for foreigners most of the time, but the penalties are too low. China needs to boost the costs. The best solution for forced transfer of technology would be to end China's joint venture requirements. China's state-owned enterprises will prove to be economic losers, but the rest of the world should insist on rules for competitive neutrality, backed by retaliatory actions.

Trump and his minions rant about a new Cold War, but they are woefully ignorant of how the United States succeeded in the old Cold War and how China differs from the Soviet Union. They have drifted toward a lose-lose strategy: The United States and China can hurt each other — but to what end? Trump masquerades hostility as strategy.

Article 6

Timeline: Key dates in the U.S.-China trade war

By Reuters Staff

(Reuters) - U.S. President Donald Trump and Chinese Vice Premier Liu He

are expected to sign a Phase 1 trade deal Wednesday morning in Washington after a bruising 18-month trade war that has slowed global growth, disrupted supply chains, and slashed profits for U.S. farmers.

The deal will not eliminate most of the hundreds of billions of dollars in tariffs that have damaged the global economy, but it is expected to mark a new phase of cooperation between the two countries.

Key dates in the U.S.-China trade war

Here are some key moments in the roller-coaster trade relationship between the world's two largest economies.

June 28, 2016

Trump lays out plans here to counter unfair trade practices from China at a campaign rally in Pennsylvania, and previews moves to apply tariffs under sections 201 and 301 of the 1974 Trade Act.

March 31, 2017

Trump, now president, calls for tighter tariff enforcement in anti-subsidy and anti-dumping cases and a review of U.S. trade deficits.

April 6 and 7, 2017

At their first meeting, Trump and Chinese President Xi Jinping agree to a 100-day plan for trade talks.

July 19, 2017

The two sides fail to agree on new steps to reduce the U.S. trade deficit with China within 100 days.

Aug. 14, 2017

Trump orders here a "Section 301" probe into alleged Chinese intellectual property theft.

Jan. 22, 2018

Trump imposes tariffs on all imported washing machines and solar panels - not just those from China.

March 8, 2018

Trump orders 25% tariffs on steel imports and 10% on aluminium from all suppliers - not just China.

April 2, 2018

China imposes tariffs of up to 25% on 128 U.S. products including airplanes and soybeans.

April 3, 2018

Trump unveils plans for 25% tariffs on about $50 billion of Chinese imports.

April 4, 2018

China responds with plans for retaliatory tariffs on about $50 billion of U.S. imports.

June 15, 2018

The United States says that 25% levies on $34 billion of Chinese imports will go into effect July 6 and announces 25% tariffs on an additional $16 billion of goods. China responds with tariffs on $34 billion of U.S. goods.

July 10, 2018

The United States unveils plans for 10% tariffs on $200 billion of Chinese imports.

Aug. 1, 2018

Trump orders the July 10 tariffs to increase to 25%.

Aug. 7, 2018

The United States releases a list of $16 billion of Chinese goods to be taxed by 25%. China retaliates with 25% duties on $16 billion of U.S. goods.

Sept. 24, 2018

The 10% tariffs on $200 billion of Chinese imports kick in. The administration says the rate will increase to 25% on Jan. 1, 2019. China taxes $60 billion of U.S. goods.

Dec. 1, 2018

The United States and China agree on a 90-day halt to new tariffs. Trump agrees to postpone the Jan. 1 increase on $200 billion of Chinese goods; the White House says China will buy a "very substantial" amount of U.S. products.

April 30 and May 1, 2019

U.S. and Chinese negotiators hold mid-week trade talks in Beijing, craft a 150-page draft trade agreement.

May 3, 2019

In a late-night cable to Washington, Beijing backtracks on almost all aspects of the draft trade pact.

May 5, 2019

Trump tweets that he intends to raise the tariffs on $200 billion of Chinese goods to 25% on May 10.

May 16, 2019

The U.S. bans Chinese telecoms giant Huawei Technologies Co Ltd [HWT.UL] from buying parts and components from U.S. companies.

June 18, 2019

Trump and Xi agree by phone to rekindle trade talks.

June 29, 2019

At the G20 meeting in Osaka, Trump agrees to no new tariffs and to ease restrictions on Huawei. Xi agrees to unspecified new purchases of U.S. farm products.

Aug. 1, 2019

Trump announces 10% tariffs on $300 billion worth of Chinese imports, after two days of talks with no progress.

Aug. 5, 2019

China halts purchases of U.S. agricultural products, and the Chinese yuan weakens past the key seven per dollar level. Equity markets plummet.

The U.S. Treasury says China is manipulating its currency.

Aug. 13, 2019

Trump postpones some of the 10% tariffs on the $300 billion goods list until Dec. 15.

Aug. 23, 2019

China announces additional retaliatory tariffs on about $75 billion worth of U.S. goods.

Sept. 20, 2019

After a two-day meeting of U.S. and Chinese deputies, USTR issues tariff exclusions on about 400 Chinese products.

Oct. 7

The U.S. Commerce Department puts 28 Chinese companies on its “entity list,” over their alleged involvement in human rights abuses against Uighur Muslims in Xinjiang.

Oct. 11

After two days of high-level talks, Trump announces a Phase 1 deal that includes suspension of planned tariffs and a Chinese pledge to buy more farm goods, but few details.

Article 7

Davos has become a schmooze fest for sponsors and celebrities Nils Pratley

World Economic Forum capable of highlighting risks that escape attention but it needs to ditch circus

Wed 26 Aug 2020 20.06 BST

It would be wrong to say the Davos organisers completely missed the threat of a global pandemic. At the World Economic Forum's event in January 2019 attendees could have read a 20-page report, in collaboration with the Harvard Global Health Institute, that now reads excellently. It concluded: "Although rarely emphasised in businesses' risk considerations, recent work on pandemics quantifies how massive the potential economic losses from infectious disease outbreaks can be and how they can extend far beyond the original outbreak's footprint". Very good, but did any of the corporate chiefs at Davos that year do anything in response? One suspects 99% didn't read the document. Davos, for all the worthy studies that may happen behind the scenes, has primarily become a schmooze-fest.

It is a networking and sponsorship event in which politicians and business leaders move from think-ins on global inequality to champagne receptions (on other people's tabs, naturally) without skipping a beat. Even the "business leaders" description is too generous: the financial services industry, and its interests, is vastly over-represented. Coronavirus has forced the cancellation of next January's event but, rather than rethinking its entire approach, the WEF seems determined to get the same show on the road as soon as possible. They'll do it in the summer instead. A period of reflection would be better. A plush ski resort is entirely the wrong place for this event. And, to maintain any credibility, the WEF has to stop counting success in terms of how many sponsors and celebrities it can attract. As the prescient pandemic report showed, the WEF is capable of highlighting risks that escape day-to-day attention. Concentrate on that stuff. Use this opportunity to ditch the circus.

Article 8

Davos Has a Credibility Problem But will yet another cosy gathering in the Alps fix it?

By Kevin J. Delaney Mr. Delaney is a senior editor in the Opinion section.

Jan. 21, 2020

DAVOS, Switzerland — Salvador Gómez-Colón, a teenage environmental and humanitarian activist from Puerto Rico, started the day Tuesday by telling business and government leaders that they didn't have much credibility.

"We're tired of too much coming to Davos and going back and not doing anything," Mr. Gómez-Colón said. "We're tired of empty promises, we're tired of too much talk." Mr. Gómez-Colón's remarks echo those of critics of Davos throughout history, including the anti-globalization protesters who took to the streets in a violent demonstration in 2000, decrying the gathering as a "meeting of murderers."

But on the 50th anniversary of the World Economic Forum in Davos, the annual gathering of about 3,000 business, government, and nonprofit leaders to discuss global issues in an Alps ski resort town, the critique carries extra heft.

New survey data from the public relations company Edelman indicates that 56 percent of people globally believe capitalism does more harm than good. Nearly 50 percent of those surveyed said "the system is failing me." Just 31 percent of respondents said they believed businesses would "pay everyone a decent wage," though 82 percent said that was the duty of businesses. Trust in government is even lower than in business. "It's a paradox of trust," said Richard Edelman, the firm's chief executive. "Economic circumstances are quite good, and trust is down, and fears are very high." The World Economic Forum's own research released this week blamed entrenched inequality across the globe for "a growing sense of unfairness, precarity, perceived loss of identity and dignity, weakening social fabric, eroding trust in institutions, disenchantment with political processes and an erosion of the social contract."

"We cannot deny that there is a general loss of trust and confidence of people," acknowledged Klaus Schwab, the forum's founder, and executive chairman. Against that backdrop, it's easy to understand scepticism about this gathering that includes more than 100 billionaires, many of whom arrived by private airplane. Despite efforts by the forum to entice and cajole organizations to bring more women, just 24 percent of attendees are female. Business leaders aren't running toward discussion of pointed topics related to corporate responsibility, like tax avoidance. The author Anand Giridharadas has called Davos a "carnival for those who have rigged so many countries around the world," and recommended that it be cancelled.

Mr. Schwab has framed this meeting around the theme of stakeholder capitalism, a shorthand for business concern for factors like workers and communities and not just their shareholders. To his credit, his response to the trust problem is to try to focus the proceedings on specific efforts around the environment and corporate responsibility. "The annual meeting will be a 'do show,' not a talk show," he vowed on the main stage on Tuesday morning. Among the initiatives showcased here this week are a "trillion tree" project aimed at boosting reforestation and an effort to better audit companies' social and environmental practices. The forum has a list of some concrete actions that resulted from its 2019 meeting.

But the Davos business community's increasing acceptance of President Trump, who doesn't believe in climate change and withdrew the United States from efforts to fight it, doesn't help. Mr. Schwab diminished the forum's credibility when he stood shoulder-to-shoulder with Mr. Trump on Tuesday and declared, "All your politics, certainly, are aiming to create better inclusiveness for the American people."

Already there are concerns that new lower estimates for global growth by the I.M.F. could undermine some corporate commitment to climate-change initiatives. "The latest signs of economic fragility will force global leaders and chief executives to tackle the more immediate challenges of restoring growth and confidence, rather than focusing on how to address climate change," concluded The Financial Times.

Does it matter if scepticism of the business and political elite and capitalism is mounting again? And does it matter if Davos is perceived to be just an expense-account-fuelled frenzy of business deal-making and platitudes? Did most people — the constituents of the people here, workers and voters and their children — really think it was anything other than that? At the very least, it deepens critics' convictions that business and government leaders can't be trusted to deal with the world's most pressing problems.

"You say: just leave this to us. We will fix this, we promise we won't let you down,'" the teenage climate activist Greta Thunberg told attendees. "And then, nothing. Silence. Or something worse than silence. Empty words and promises which give the impression that sufficient action is being taken." For companies to convince people around the world, especially the young, that capitalism is viable, business leaders need to show that they're making hard decisions. The elite gathered here may think that they are making changes, but others don't think they are doing enough when it comes to the environment and social responsibility. It's a matter of degree, and speed.

"Unless this crowd is willing to give up some power and share it, it's not going to get better," said Christy Hoffman, general secretary of the UNI Global Union, a global federation of trade unions.

Maybe there's hope. At mealtime discussions around the town, that sort of behaviour — making the right decision even when it's not good for you personally — is being praised more generally as a sign of strong leadership. "The question we should ask ourselves every year is what decisions have I made this year that have sacrificed my own personal advantage and gain for the gain of the institution?'" said Ngaire Woods, the founding dean of the Blavatnik School of Government at Oxford University. "If you've come up with zero, you're probably off base."

In its embrace of both Mr. Trump and Ms. Thunberg, the Davos set seems to want it all: lower taxes and a climate friendly agenda. But that dance is increasingly straining the patience, and trust, of the rest of the world.

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Article 9

A Brief History of Transnational Corporations

by Jed Greer and Kavaljit Singh

Corpwatch, 2000

Transnational corporations are among the world's biggest economic institutions. A rough estimate suggests that the 300 largest TNCs own or control at least one-quarter of the entire world's productive assets, worth about US$5 trillion.1 TNCs' total annual sales are comparable to or greater than the yearly gross domestic product (GDP) of most countries (GDP is the total output of goods and services for final use by a nation's economy). Itochu Corporation's sales, for instance, exceed the gross domestic product of Austria, while those of Royal Dutch/Shell equal Iran's GDP. Together, the sales of Mitsui and General Motors are greater than the GDPs of Denmark, Portugal, and Turkey combined, and US$50 billion more than all the GDPs of the countries in sub-Saharan Africa.2

Partly as a result of their size, TNCs tend to dominate in industries where output and markets are oligopolistic or concentrated in the hands of a relatively small number of firms. The top five car and truck manufacturers are responsible for nearly 60 per cent of worldwide sales of motor vehicles. The five leading oil majors account for over 40 per cent of that industry's global market share. For the chemicals sector, the comparable percentage is 35 per cent, and for both electronics and steel it is over 50 per cent.3

Though based predominantly in Western Europe, North America, and Japan, TNCs' operations span the globe. The Swiss electrical engineering giant ABB has facilities in 140 nations, for example, while Royal Dutch/Shell explores for oil in 50 countries, refines in 34, and markets in 100. Offices of the US food processing firm H.J. Heinz cover six continents and Cargill, the US's largest grain company, operates in 54 countries. Britain's leading chemical company ICI has manufacturing operations in 40 nations and sales affiliates in 150.4

Technical definitions of TNCs vary, but for the purposes of this guide the term "transnational corporation" means a for-profit enterprise marked by two basic characteristics: 1) it engages in enough business activities -- including sales, distribution, extraction, manufacturing, and research and development -- outside the country of origin so that it is dependent financially on operations in two or more countries; 2) and its management decisions are made based on regional or global alternatives.5

A TNC can be a "public" corporation, which trades its shares of stock at stock exchanges or brokerage houses; the buyers from the public are "shareholders," and can include individuals as well as institutions such as banks, insurance companies, and pension funds. DuPont and Enron are examples of publicly-traded corporations. Or a TNC can be "private," meaning that it does not have shares which are traded publicly; such firms are frequently family-controlled. Cargill is a private firm which until recently was controlled by two families.

A "parent" company, located in the TNC's country of origin, exercises an authoritative, controlling influence over a "subsidiary" in another country either directly if it is private or, if it is public, by owning some or all of the shares (parent corporations can exert controlling power even with relatively small shareholdings in subsidiaries). United Carbide India Ltd., for example, was the Indian subsidiary of the US-based Union Carbide Corporation. Subsidiaries can have a different name than the parent company and can of course also be located in the same country as the parent. The style of relationships between parent and subsidiary companies --that is, how control is exercised--differs among TNCs' main home regions. More formal, centralised control has typically been a hallmark of US, and to a lesser extent European, corporations than of Japanese TNCs.

Brief History of TNCs

From the Origins to the Second World War

The earliest historical origins of transnational corporations can be traced to the major colonising and imperialist ventures from Western Europe, notably England and Holland, which began in the 16th century and proceeded for the next several hundred years. During this period, firms such as the British East India Trading Company were formed to promote the trading activities or territorial acquisitions of their home countries in the Far East, Africa, and the Americas. The transnational corporation as it is known today, however, did not really appear until the 19th century, with the advent of industrial capitalism and its consequences: the development of the factory system; larger, more capital intensive manufacturing processes; better storage techniques; and faster means of transportation. During the 19th and early 20th centuries, the search for resources including minerals, petroleum, and foodstuffs as well as pressure to protect or increase markets drove transnational expansion by companies almost exclusively from the United States and a handful of Western European nations. Sixty per cent of these corporations' investments went to Latin America, Asia, Africa, and the Middle East. Fuelled by numerous mergers and acquisitions, monopolistic and oligopolistic concentration of large transnationals in major sectors such as petrochemicals and food also had its roots in these years. The US agribusiness giant United Fruit Company, for example, controlled 90 per cent of US banana imports by 1899, while at the start of the First World War, Royal Dutch/Shell accounted for 20 per cent of Russia's total oil production.7

Demand for natural resources continued to provide an impetus for European and US corporate ventures between the First and Second World Wars. Although corporate investments from Europe declined somewhat, the activities of US TNCs expanded vigorously. In Japan, this period witnessed the growth of the zaibatsu (or "financial clique") including Mitsui and Mitsubishi. These giant corporations, which worked in alliance with the Japanese state, had oligopolistic control of the country's industrial, financial, and trade sectors.

1945 to the Present

US TNCs heavily dominated foreign investment activity in the two decades after the Second World War, when European and Japanese corporations began to play ever greater roles. In the 1950s, banks in the US, Europe, and Japan started to invest vast sums of money in industrial stocks, encouraging corporate mergers and furthering capital concentration. Major technological advances in shipping, transport (especially by air), computerisation, and communications accelerated TNCs' increasing internationalisation of investment and trade, while new advertising capabilities helped TNCs expand market shares. All these trends meant that by the 1970s oligopolistic consolidation and TNCs' role in global commerce was of a far different scale than earlier in the century. Whereas in 1906 there were two or three leading firms with assets of US$500 million, in 1971 there were 333 such corporations, one-third of which had assets of US$1 billion or more. Additionally, TNCs had come to control 70-80 per cent of world trade outside the centrally planned economies.8

Over the past quarter century, there has been a virtual proliferation of transnationals. In 1970, there were some 7,000 parent TNCs, while today that number has jumped to 38,000. 90 percent of them are based in the industrialised world, which control over 207,000 foreign subsidiaries. Since the early 1990s, these subsidiaries' global sales have surpassed worldwide trade exports as the principal vehicle to deliver goods and services to foreign markets.

The large number of TNCs can be somewhat misleading, however, because the wealth of transnationals is concentrated among the top 100 firms which in 1992 had US$3.4 trillion in global assets, of which approximately US$1.3 trillion was held outside their home countries. The top 100 TNCs also account for about one-third of the combined outward foreign direct investment (FDI) of their countries of origin. Since the mid-1980s, a large rise of TNC-led foreign direct investment has occurred. Between 1988 and 1993, worldwide FDI stock -- a measure of the productive capacity of TNCs outside their home countries -- grew from US$1.1 to US$2.1 trillion in estimated book value.

There has also been a great increase in TNC investment in the less-industrialized world since the mid-1980s; such investment, along with private bank loans, has grown far more dramatically than national development aid or multilateral bank lending. Burdened by debt, low commodity prices, structural adjustment, and unemployment, governments throughout the less-industrialised world today view TNCs, in the words of the British magazine The Economist, as "the embodiment of modernity and the prospect of wealth: full of technology, rich in capital, replete with skilled jobs." 9 As a result, The Economist notes further, these governments have been "queuing up to attract multinationals" and liberalising investment restrictions as well as privatising public sector industries.10 For TNCs, less-industrialised countries offer not just the potential for market expansion but also lower wages and fewer health and environmental regulations than in the North.

Thus, in 1992 foreign investment into less-industrialised nations was over US$50 billion; the figure had jumped to US$71 billion in 1993 and US$80 billion in 1994. In 1992-93, less-industrialised countries accounted for between one-third and two-fifths of global FDI inflows -- more than at any time since 1970. These flows have not been evenly distributed, however, with just ten host recipients the majority in Asia accounting for up to 80 percent of all FDI to the less-industrialised world.11

Problems Arising from TNCs

Intra-Company Trade and Manipulative Price Transfers

The post-Second World War period witnessed not merely a rise in TNCs' control of world trade, but also growth of trade within related enterprises of a given corporation, or "intra-company" trade. While intra-company trade in natural resource products has been a feature of TNCs since before 1914, such trade in intermediate products and services is mainly a phenomenon of recent decades. By the 1960s, an estimated one-third of world trade was intra-company in nature, a proportion which has remained steady to the present day. The absolute level and value of intra-company trade has increased considerably since that time, however. Moreover, 80 per cent of international payments for technology royalties and fees are made on an intra-company basis.12

Problems stemming from intra-company trade concern TNCs' ability to maximise profits by avoiding both market mechanisms and national laws with an instrument of internal costing and accounting known as "transfer pricing." This is a widespread technique whereby TNCs set prices for transfers of goods, services, technology, and loans between their worldwide affiliates which differ considerably from the prices which unrelated firms would have had to pay.

There are many benefits TNCs derive from transfer pricing. By lowering prices in countries where tax rates are high and raising them in countries with a lower tax rate, for example, TNCs can reduce their overall tax burden, thus boosting their overall profits. Virtually all intra-company relations including advisory services, insurance, and general management can be categorised as transactions and given a price; charges can as well be made for brand names, head office overheads, and research and development. Through their accounting systems TNCs can transfer these prices among their affiliates, shifting funds around the world to avoid taxation. Governments, which have no way to control TNCs' transfer pricing, are therefore under pressure to lower taxes as a means of attracting investment or keeping a company's operation in their country. Tax revenue which might be used for social programs or other domestic needs is thus lost.

Moreover, in countries where there are government controls preventing companies from setting product retail prices above a certain percentage of prices of imported goods or the cost of production, the firms can inflate import costs from their subsidiaries and then impose higher retail prices. Additionally, TNCs can use overpriced imports or under-priced exports to circumvent governmental ceilings on profit repatriation, causing nation-states to suffer large foreign exchange losses. For instance, if a parent company has a profitable subsidiary in a country where the parent does not wish to re-invest the profits, it can remit them by overpricing imports into that country. During the 1970s, investigations found that average overpricing by parent firms on imports by their Latin American subsidiaries in the pharmaceutical industry was 155 per cent, while imports of dyestuffs raw materials by Indian TNC affiliates were being overpriced between 124 and 147 percent.13

Influence in Nations' Political Affairs

TNCs' influence over countries, particularly those in the less-industrialised world, has not been manifest solely in sheer economic power or manipulative price transfers. Such influence has also been reflected in corporations' willingness and ability to exert leverage directly by employing government officials, participating on important national economic policy making committees, making financial contributions to political parties, and bribery. Furthermore, TNCs actively enlist the help of Northern governments to further or protect their interests in less-industrialised nations, assistance which has sometimes involved military force. In 1954, for instance, the US launched an invasion of Guatemala to prevent the Guatemalan government from taking (with compensation plus interest) unused land of United Fruit Company for redistribution to peasants.14

Perhaps the most notorious example of TNCs' meddling in the political affairs of a sovereign state, however, occurred in the early 1970s, when International Telephone and Telegraph (ITT) offered the US Central Intelligence Agency US$1 million to finance a campaign to defeat the candidacy of Salvador Allende in Chilean national elections. Though this offer was refused, and Allende democratically elected, ITT continued to lobby the US government and other US corporations to promote opposition to Allende through economic pressure including the cut-off of credit and aid and support of Allende's political rivals. After copper mines in Chile owned by the firms Kennecott and Anaconda were nationalised, the US government took a series of steps based largely on the recommendations of ITT to subvert Allende.15

Disclosure of ITT's efforts to overthrow Allende helped prompt initiatives in the United Nations to draft a TNC Code of Conduct to establish some guidelines for corporate behaviour. This move was part of more general concern about the extent of corporations' economic and political influence which emerged in the 1960s and 1970s, and which led some less-industrialised countries to demand that TNCs divest from certain sectors or to require changes in the terms of a company's investment. Yet such developments have been minor and temporary obstacles to the augmentation of TNCs' economic power, and overall, the past three decades have been characterised by increased regional economic integration, the liberalisation of many international markets, and the opening up of new areas such as Central and Eastern Europe.

TNCs and International Politics

Especially since the 1980s, TNCs' involvement at international political negotiations and fora has accompanied and encouraged the rise of global corporate economic power. In an effort to reduce barriers to trade and investment capital flows in the last decade, TNCs have lobbied vigorously to shape to their liking Europe's Single Market agreement, the North American Free Trade Agreement (NAFTA), and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). For TNCs, so-called free trade lessens governmental restrictions on their movement and ability to maximise returns. "The deregulation of trade aims to erase national boundaries insofar as these affect economic life," economists Herman Daly and Robert Goodland have noted. "The policy-making strength of the nation is thereby weakened, and the relative power of TNCs is increased."16

For example, rules established in the GATT's recently concluded Uruguay Round regarding trade-related intellectual property rights (TRIPs) and trade-related investment measures (TRIMs) will be of particular benefit to TNCs. The first gives corporations greater capacity to privatise and patent life forms, including plant and other genetic resources of less-industrialised nations and peoples. TRIMs render illegal certain measures which countries_ notably Southern nations have employed to encourage TNCs to establish linkages with domestic firms. TRIPs, TRIMs, and other GATT rules fall under the authority of the World Trade Organisation (WTO), a new supranational body which works with the World Bank and other financial institutions to manage global economic policy to serve transnational corporate interests.17

In another demonstration of transnationals' growing political might, and perhaps the most striking example to date of organised corporate lobbying on the world stage, TNCs' efforts at the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro undermined sections of the Summit's key documents. And well before the Summit took place, TNC pressure had led to the removal from UNCED materials proposals to regulate the practices of global corporations.19

This success in Rio underscores a broader issue: although TNCs are collectively the world's most powerful economic force, no intergovernmental organisation is charged with regulating their behaviour. United Nations efforts to monitor and to some extent address TNCs' impacts, notably through the UN's Centre on Transnational Corporations (CTC), have recently been decimated. Under a 1992 restructuring, the CTC lost its independent status, and in 1993 it was dismantled and a 17-year attempt to negotiate the aforementioned Code of Conduct on TNCs was abandoned. A new Division on Transnational Corporations and Investment emerged with the aim of promoting foreign direct investment.

TNCs, Human Health, and the Environment

The unwillingness or inability of national governments to control TNCs in a period of deregulated global trade and investment does not bode well for people's health or the environment. TNC operations routinely expose workers and communities to an array of health and safety and ecological dangers. All too often these operations erupt into disasters such as the gas release at the Indian subsidiary of the US-based corporation Union Carbide in Bhopal.

To regard such tragedies only as "accidents," however, distracts attention from the larger, inherent harm to the planet and its inhabitants TNCs' industrial development strategies cause. For example, TNC activities generate more than half of the greenhouse gases emitted by the industrial sectors with the greatest impact on global warming. TNCs control 50 percent of all oil extraction and refining, and a similar proportion of the extraction, refining, and marketing of gas and coal. Additionally, TNCs have virtually exclusive control of the production and use of ozone-destroying chlorofluorocarbons (CFCs) and related compounds.20

In destructive minerals extraction, TNCs still dominate key industries. In aluminium, for example, just six companies account for 63 per cent of the mine capacity, 66 per cent of the refining capacity, and 54 per cent of the smelting capacity. Four TNCs account for half the world's tin smelting capacity.22 With respect to their influence on global agriculture, TNCs control 80 per cent of land worldwide which is cultivated for export-oriented crops, often displacing local food crop production.23 Twenty TNCs account for about 90 per cent of the sales of hazardous pesticides.24Additionally, because TNCs control much of the world's genetic seed stocks as well as finance the bulk of biotechnology research worldwide, they are poised to reap large financial rewards from patenting life forms.

TNCs also manufacture most of the world's chlorine _ the basis for some of the most toxic, persistent, and bio accumulative synthetic chemicals known such as PCBs, DDT, dioxins and furans, chlorinated solvents, and thousands of other organochlorine compounds. These chemicals' impacts on health include immune suppression; birth defects; cancer; reproductive, developmental, and neurological harm; and damage to the liver and other organs. As a group, TNCs lead in the export and import of products and technologies that have been controlled or banned in some countries for health and safety reasons. For instance, 25 per cent of total pesticide exports by TNCs from the US in the late l980s were chemicals that were banned, unregistered, cancelled, or withdrawn in the US itself.25 And a handful of Northern companies are responsible for the nuclear technology now found at plants in South America and Asia.

TNCs and their business associations claim that deregulated trade and investment will produce enough growth to end poverty and generate resources for environmental protection. The unrestricted free trade and investment-based growth beloved by TNCs, however, is the same kind of development which has led to overexploitation of land and natural resources, air, water, and soil pollution, ozone depletion, global warming, and toxic waste generation. As economists Herman Daly and Robert Goodland observe: "The dream that growth will raise world wages to the current rich country level, and that all can consume resources at the U.S. per capita rate, is in total conflict with ecological limits that are already stressed beyond sustainability."27

TNCs and Occupational Safety

There have been many instances of TNCs failing to control industrial hazards at their facilities in less-industrialised nations as thoroughly as in their home countries. The situation in Bhopal, where comparison of operations of Union Carbide's Indian subsidiary and a similar plant in the US has revealed many double standards, is only the most infamous example of what the Industrial Labour Organisation acknowledges is a prevailing trend: "In comparing the health and safety performance of home-based [TNCs] with that of the subsidiaries, it could generally be said that the home country operations were better than those of subsidiaries in the developing countries."28 The case of the German TNC Bayer's chromate production factory in South Africa is illustrative. Chromate is a corrosive compound which can cause respiratory illness including lung cancer. Bayer has owned the facility, Chrome Chemicals, since 1968. In 1976, a South African government report noted health problems in nearly half the plant's employees which were related to their work and which, it said, "are extremely disturbing and would appear to indicate a lack of concern regarding the physical welfare of the workers."29

In 1990, a trade union learned that several workers had developed lung cancer, although none had been informed that the disease might be related to their employment. Chrome Chemicals management refused the union's request to review the plant's industrial hygiene records, and in 1991 the firm shut down much of its operation and laid off most of its workers. In South Africa, lung cancer was not added to the list of compensable occupational diseases until 1994, and Bayer has so far refused to provide compensation to a growing number of former employees at Chrome Chemicals who have developed lung cancer. Bayer could not get away with this in Germany, where as early as 1936 lung cancer was considered a compensable occupational disease for chromate workers. Indeed, German compensation authorities consider any labourer with more than three months of chromate work eligible for compensation if lung cancer develops subsequently.30

TNCs and Employment

In an era of declining constraints on their mobility and the attraction of cheaper wages in less-industrialised nations eager to draw foreign investment, TNCs are eliminating jobs in their home countries and shifting production abroad. Although overall TNCs' employment in their home countries has changed little in the last decade, among the 300 largest corporations employment in 1989 was lower than it had been in 1980. US-based TNCs have eliminated jobs especially vigorously. Between 1982 and 1993, for example, US TNCs cut over three-quarters of a million jobs at home but added 345,000 jobs outside the United States.31 For workers in the US and other industrialised countries, TNCs' increased willingness to move operations to lower wage areas along with their greater use of automation, subcontractors, and part-time labour have rendered the strike relatively ineffective and undermined trade unions' collective bargaining power. In the US, there were one-tenth the number of strikes in 1993 as in 1970, and only 12 per cent of the US workforce is currently unionised, a lower proportion than in 1936.32

In less-industrialised regions, the lure for TNCs of fewer costs and regulations offers little promise to workers of decent working conditions, sufficient pay, or job security. Tax breaks and subsidies governments use as incentives are no guarantee that the TNCs will not move on after the benefits have expired, and as cost advantages now found in Singapore appear in, say, Bangladesh, the countries currently experiencing an influx of investment may eventually find themselves in the same position as that of the US and other industrialised nations today.

More fundamentally, as Richard Barnet has emphasised, the transnational corporate order cannot begin to solve the chronically severe unemployment problems in Asia, Latin America, and Africa, where an estimated 38 million new job seekers enter the labour market annually.35 A comparison of the growth in TNCs' outward foreign investment stock worldwide and their estimated global direct employment in recent decades lays this fact bare. Between 1975 and 1992, outward FDI stock increased almost seven times, whereas TNCs' employment did not even double. In less-industrialised countries, TNCs added only five million employees between 1985 and 1992.36

Article 10

Cultural Impact

TNCs bring influence to the country they originate in. More important than the size of a company is it's cultural impact on global consumers. This can be measured using the concept of brand value as seen below, calculated by the company Interbrand in 2015:

2015 rank	Brand	Sector	Brand value in $m
1	Apple	Technology	170,276
2	Google	Technology	120,314
3	Coca-Cola	Beverages	78,423
4	Microsoft	Technology	67,670
5	IBM	Business services	65,085
6	Toyota	Automotive	49,048
7	Samsung	Technology	45,297
8	General Electric	Diversified	42,267
9	McDonald's	Restaurants	39,809
10	Amazon	Retail	37,948
11	BMW	Automotive	37,212
12	Mercedes-Benz	Automotive	36,711
13	Disney	Media	36,514
14	Intel	Technology	35,415
15	Cisco	Technology	29,854
16	Oracle	Technology	27,283

- 12 of the top 16 companies are from the USA, two from Germany and one each from South Korea and Japan
- 10 of the top 16 brands are involved in ICT and communications (mobiles, computers, media), three are car makers and two are food and drink
- The top 10 Chinese company in 2015 was Lenovo at position 100

The dominance of the USA since 1990, and the economic power of the EU, has led some people to identify the increasing cultural globalisation referred to as 'westernisation' that involves the arts, food and media. It is difficult to identify exactly what this global culture is but some characteristics are commonly linked to it:

- A culture of consumerism
- A culture of capitalism and the importance of attaining wealth
- A white, Anglo-Saxon culture with English as the dominant language
- A culture that 'cherry-picks' and adapts selective parts of other world cultures and absorbs them

Global culture is most often exemplified by the ubiquity of consumer icons such as Coca-Cola and McDonalds. In the case of McDonalds, 36,000 restaurants worldwide serve about 65 million people every day (750 people buy a McDonald's every second)

Cultural globalisation is not quite as simple as it might appear, however,. In India, McDonalds has had to adapt its menus to suit local tastes and the Hindu and Muslim religions. It does not sell beef or pork and has more vegetarian options than in the west.

Country	McDonalds adaptation
India	The Maharaja Mac, a big Mac made of lamb or chicken McAloo Tikki – a vegetarian burger
Japan	Gracoro Burger – korokke (a type of potato croquette), cabbage and katsu sauce Ebi-chili – shrimp nuggets Green tea flavoured milkshake
Israel	Over a quarter of its restaurants are kosher Burgers are grilled over charcoal, not fried The McKebab, with eastern seasonings is served in pitta bread

Throughout the world this process of local adaptation or hybridisation occurs as Western culture reaches new areas. American or Western culture is not adopted wholesale around the world, nor is 'cultural traffic' always from the West to elsewhere. For instance:

- In the UK the curry, not the American burger, is the most popular take-away food. There are 6 times as many curry restaurants in the UK as there are McDonalds
- Sushi, from Japan, has become an increasingly popular food in the West
- Some cornerstones of American culture, e.g. American football and baseball have had a hard time being exported to the rest of the world

TNC	Revenue 2014 (US$ billion)	Main brands and businesses
Comcast	68	NBC, Universal studios
Google	66	Google play, You Tube, Android
Disney	48	Disney pictures, Pixar, Marvel Studios, ESPN
News corp	41	Fox broadcasting, 20^{th} Century Fox, National Geographic
Time Warner	23	CNN, HBO, Warner Bros
Viacom	14	MTV, Paramount Pictures, Comedy Central

An important source of influence is the media. Newsfeeds, film, music and TV are dominated by global brands, most of which are from the USA. This gives the USA the ability to constantly reinforce its cultural message and values – often in a very subtle, unseen way that fits in with Gramsci's concept of hegemony. Only 3 of the top 20 grossing movies of 2015 were not made by the TNCs above.

Increasingly, many IT companies and even retailers have branched out to become 'content providers' in recent years – e.g. Apple TV. This linkage of cultural content – which is often 'Western' - to IT and communications technology makes it a very powerful delivery system.

Innovation and patents

An often overlooked aspect of the role of TNCs is the invention of new technology and the development of new products and brands. TNCs and governments, invest huge sums in research and development (R&D) to develop new products. Intellectual property law protects these new developments in the form of:

- Patents, for new inventions, technologies, and systems
- Copyright for artistic works, such as music, books and artworks
- Trademarks to protect designs, such as logos

Any person or company wanting to use one of the above has to pay a royalty fee to the inventor or designer. Globally, over 85% of all royalty payments go to the USA, EU and Japan.

This domination of global royalties reflects the fact that:

- Existing superpowers and developed countries are paid for inventions and artistic works they created decades ago
- Developed world TNCs are in the best position to invest in R&D, so patent holders tend to also be new patent developers
- Education levels are higher in already developed countries, as are skill levels
- Westernisation and cultural globalisation tend to spread US and European music, film and TV (copyright) and brands (trademark)

Of course, emerging superpowers and developing countries continually pay these royalties, representing a cost to them but a benefit to the USA and EU. In the last 20 years, China has begun to develop many more patents. In 2012 Chinese innovators applied for 652,000 new patents versus only 542,000 in the USA. However, there are question marks over Chinese patent applications in terms of both quality and the extent to which they can generate royalty revenue in the future for Chinese companies.

Article 11

Motoring along road of ‘reverse colonialism’

https://www.ft.com/content/0a045390-fba7-11dc-8c3e-000077b07658?mhq5j=e3

MARCH 27, 2008 by: Joe Leahy in Mumbai and Amy Yee in New Delhi

The language in the simple statement from Tata Motors on Wednesday, announcing its takeover of Jaguar and Land Rover, was celebratory.

Ratan Tata, chairman of the Tata group and architect of its push into overseas markets, said he was “very pleased” at the prospect of the luxury marques being “a significant part of our automotive business”.

The deal follows months of tough negotiations and marks a high point in India’s global acquisitions. The Tata group is the first Indian conglomerate to assume the task of turning round and integrating global consumer brands as sophisticated as Jaguar and Land Rover.

After the acquisition in recent years of Tetley Tea and steelmaker Corus, it marks the Tata group’s third purchase of companies that would once, at least, have been seen as jewels of UK business, a development the Indian press has lauded as a form of reverse colonialism.

Yet the view could hardly have been more different on India’s stock market, where Tata Motors’ share price has languished since rumours about the deal began leaking in the middle of last year.

The group’s stock on Wednesday initially fell more than 4 per cent on reports that it had signed the transaction with Ford late on Tuesday. It recovered but is still down about 9 per cent since last July compared with a gain of 5 per cent in the Bombay Stock Exchange’s benchmark Sensex index during the same period.

“This is a negative for the stock,” said one analyst with an international brokerage in Mumbai. “Jaguar will be making losses; costs will balloon, and Tata Motors is just going to increase its debt.”

Tata Motors’ hands will be tied on cutting costs at the two marques because of commitments to retain workers and the need to continue sourcing important components from Ford.

The other issue troubling analysts in India is the timing of the deal. Not only is the US economic downturn hitting Jaguar and Land Rover’s sales abroad, but also Tata Motors’ market in India is coming under pressure from high interest rates and the rising cost of raw materials.

Domestic automobile sales dropped 5.31 per cent during the 11 months to February 2008 compared with the same period the previous year, according to the Society of Indian Automobile Manufacturers.

Another concern is the increased debt burden the acquisition brings – $3bn (£1.5bn) in bridge loans are being put together by its advisers, JPMorgan, and Citigroup. Tata has signalled it will raise $1bn more in equity and an unspecified sum by spinning off stakes in some units.

In addition, it has large capital expenditure plans, estimated at Rs130bn (£1.62bn) by some analysts. Together with the increased debt load from the acquisition, these plans will weigh on profits for some time.

Others point out, however, that such near-term concerns should not be allowed to dominate strategy, particularly for a company in India, whose automotive industry is expected to show exponential growth over the next decade.

A banker familiar with the deal said Tata Motors was making strong headway in its domestic market with its recent launch of the Nano, the $2,500 vehicle marketed as the world's cheapest car. But it had to do more: "This deal not only gives Tata Motors a complete design portfolio in terms of having luxury and value-for-money cars," the banker said. "It also brings them up to a completely different level in terms of being a global passenger car company."

Article 12

Veto power at the UN Security Council

The 10 non-permanent members of the council occupy their seats for two-year terms

The United Nations Security Council has 15 members, but only its five permanent members - the United States, the United Kingdom, France, China and Russia - hold the power to impose a veto on the council's resolutions.

In the most recent example of this power being exercised, Russia and China voted against a draft resolution that would have condemned a crackdown on anti-government protests in Syria and called on Bashar al-Assad, the Syrian president, to step aside.

Vitaly Churkin, the Russian ambassador to the UN, said the resolution "sent an unbalanced signal to the Syrian parties". He said it did not condemn violence on the part of the armed opposition to the same degree as it did for the government.

According to the United Nations Charter, the Security Council will make decisions "by an affirmative vote of nine members, including the concurring votes of the permanent members".

The word "veto" itself does not occur; its place is taken by the clause that requires all five permanent members to concur in order for a resolution to pass.

In total, 263 vetoes have been exercised since 1946; the year after the UN Charter was officially ratified.

RUSSIA

Russia has used its prerogative more times than any other permanent member. Moscow has blocked resolutions 127 times since the UN was formed. Of those vetoes, 93 pertained to entire resolutions and 29 were objections to specific paragraphs or amendments.

The vast majority of those vetoes were undertaken before 1991, when Russia was part of the Union of Soviet Socialist Republics (USSR). The USSR exercised its veto 119 times from 1946 to 1991.

The use of the veto by Andrei Gromyko, the Soviet foreign minister at the height of the Cold War with the West between 1957 and 1985, was so common that he was known at the UN as "Mr Nyet".

Between 1946 and 1968, the USSR exercised its veto 80 times, compared to three times by the UK, twice by France and zero by the US.

Moscow's last two vetoes have been on resolutions relating to Syria. Churkin argued that the resolutions, the first of which was vetoed on October 5, have put the UN in a position of taking sides in an internal matter and discouraging a resolution based on political dialogue.

United States of America

The United States did not exercise its first veto until 1970, on a resolution regarding Southern Rhodesia, which is present-day Zimbabwe.

Since then, it has used its veto 79 times, with more than 40 related to issues in the Middle East.

The majority have been resolutions that have criticised the Israeli government or failed to condemn armed Palestinian factions in the same language as that being used for Israel.

It used its last veto to block a resolution that would term Israeli settlement activity in Palestinian territory "illegal" and demand a halt to all such actions.

Susan Rice, the US ambassador to the UN, said her country "reject[ed] in the strongest terms the legitimacy of continued Israeli settlement activity", but the resolution "risk[ed] hardening the positions of both sides" and moving them away from negotiations.

UNITED KINGDOM

The United Kingdom has used its veto 31 times; the first in 1956 when it joined France in opposing a resolution ordering Israel to withdraw from Egypt.

It's most recent veto was in 1989, when it joined the United States and France in rejecting a resolution that criticised the US military intervention in Panama.

London tends to use its veto in conjunction with other countries, usually France and the US, although it has used a unilateral veto on seven occasions.

FRANCE

France has used its veto 17 times, most recently against the 1989 resolution on US involvement in Panama.

Like the UK, its first veto was in 1956 during the war between Israel and Egypt. France stood alone in 1947 to block a resolution relating to Indonesia.

Its only other unilateral veto came in 1976, on a resolution dealing with the Comoros Islands.

CHINA

China's Security Council seat was occupied by the Republic of China (Taiwan) from 1946 to 1971. During that period, it used its veto only to block Mongolia's entry into the UN in 1955.

In total, it has used its veto nine times. Each of Beijing's four vetoes since 2005 have been come in unison with Russia.

The last veto China undertook on its own was during the Kosovo War in 1999, blocking a resolution regarding the refugee situation in the then-Yugoslav republic of Macedonia.

SOURCE: AL JAZEERA AND AGENCIES

Article 13

General Assembly reflects on UN peace and security efforts, takes stock of current challenges

A wide view of the General Assembly Hall. UN Photo/Amanda Voisard

1 October 2015 – As part of the commemoration of the 70th anniversary of the United Nations, the General Assembly today began a two-day debate to draw lessons from the experiences of the past seven decades in the area of peace and security and take stock of present challenges.

"Today we are an Organization with almost four times as many members than in 1945," Secretary-General Ban Ki-moon noted in his remarks to the meeting. "Today our world continues to be re-shaped by globalization, urbanization, migration, demographic shifts and other seismic trends. New threats have emerged, from climate change to cyber-crime and pandemics.

"In many respects, the world is shifting beneath our feet. Yet the Charter remains a firm foundation for shared progress."

"He highlighted a number of threads that run through the activities of the Organization, from human rights and peacekeeping to humanitarian assistance and sustainable development.

"These include a greater emphasis on prevention, mediation, and the peaceful resolution of disputes and grievances, as well as strengthening peacebuilding in order to sustain peace and keep post-conflict societies from repeating cycles of disaster.

"He also highlighted addressing the roots of conflict, including through heightened attention on violations of human rights – often the warning signs of worse to come, as well as providing adequate and predictable resources.

"Let us take inspiration from the good news of the past week," Mr. Ban said, highlighting in particular the adoption of the new global sustainable development agenda; tangible support for UN peace operations; momentum on climate change; high-level commitments to gender equality; and encouraging steps to address the refugee crisis.

"Alongside despair in many corners, there remains great hope in the power of working together. That is the founding spirit of the United Nations – and in this 70th anniversary year, in the face of grave and global challenges, it is the spirit we must summon today."

General Assembly President Mogens Lykketoft noted that over the past 70 years, the UN's approach, capacity and responsibilities in the area of peace and security have undergone major changes.
"Yet today, with unsolved conflicts in many parts of the world and with millions of women and children greatly affected, it is clear that the UN has much more to learn and much more to do, to fulfil its mandate."

Preventing conflict from breaking out in the first place is "the epitome of success" in this field – and by far the best investment in maintaining peace and security, he said. Also, since the UN was founded and the Charter adopted, the nature of security challenges, conflicts and threats have continued to change, he said, noting that the UN has responded and continues to adapt to these ever-changing challenges. In this regard, he pointed to the report of the high-level independent panel on peace operations, which the General Assembly will take up on 12 October, as well as the ongoing 10-year review of the peacebuilding architecture, which will enable the UN to “face head on” the uncertainties of building and sustaining peace and the ever-present risk of lapse or relapse into conflict.

Mr. Lykketoft added that, in the same vein, the global study on Security Council resolution 1325 on women, peace and security allows for taking stock and devising ways to better address this key aspect of international peace and security.

“A UN that is truly fit for purpose is in our common interest,” he stated. “It is our responsibility to ensure that the UN can respond in a timely, well-calibrated and effective manner.

“This requires a concrete, sustainable, and more effective budgetary framework for special political missions. And this also includes the longstanding issue of Security Council reform, which will continue to receive attention during this session.

Article 14

Donald Trump and Barack Obama agree: America cannot police the world anymore

http://www.telegraph.co.uk/news/2016/03/30/donald-trump-and-barack-obama-agree-america-cannot-police-the-wo/

Here's a sentence you probably never expected to read. Donald Trump and Barack Obama broadly agree on something: America can no longer afford to police the world on behalf of its allies.

Over the weekend the New York Times published the transcript of an interview it held with the Republican frontrunner on his foreign policy. Some choice quotes from Trump: "Well, you know, at some point, there is going to be a point at which we just can't do this anymore. And, I know the upsides and the downsides. But right now we're protecting, we're basically protecting Japan, and we are, every time North Korea raises its head, you know, we get calls from Japan and we get calls from everybody else, and 'Do something.' And there'll be a point at which we're just not going to be able to do it anymore."

And this: "Nat is obsolete … I'll tell you the problems I have with NATO. No. 1, we pay far too much. We are spending — you know, in fact, they're even making it so the percentages are greater. NATO is unfair, economically, to us, to the United States. Because it really helps them more so than the United States, and we pay a disproportionate share."

In his pungent and disconnected syntax, Trump's overview is not a million miles away from the coherent, lawyerly tones of President Obama in a recent interview in the Atlantic. "I suppose you could call me a realist in believing we can't, at any given moment, relieve all the world's misery," he told the magazine.

He also criticised American allies, "Free riders aggravate me." The President singled out Prime Minister David Cameron for criticism over Libya — "he got distracted" — and warned the UK government about the effect on the "special relationship" if it failed to meet the NATO commitment of spending two percent of GDP on defence. Obama's comments exercised the UK commentariat, especially on the liberal side of the street. "Obama's shabby intellectual glasshouse is a bad place from which to throw stones," concluded a leader in The Observer.

What the Observer's editorial writers should realise by now is that the US for the moment is not in a position to garrison the world. They should be thinking about why two men as different in every respect as Trump and Obama agree on America pulling back from its leading role at the sharp end of "Western" foreign policy.

The answer to "why" has been made plain during this primary season. The Trump candidacy and the Republican nominating process in general, have demonstrated how utterly divided American society is now, not just politically but metaphysically. There is no general agreement among Americans on what is epistemologically "real." What are accepted as facts on one side of the divide are not acknowledged as facts on the other. Verifiability has nothing to do with it. Trump built his political base by repeatedly claiming Obama had not been born in Hawaii. Obama produced his birth certificate and other attestations of fact. These have been simply ignored by some Trump supporters.

For eight years the Republican-led Congress has had as its stated goal making Obama a failure. In every single area of governance from agreeing a budget to appointing a successor to Supreme Court Justice Antonin Scalia the idea, publicly expressed by Republican congressional leaders, has been to deny Obama any legislative success. You have to go back to the decade before the Civil War to find partisanship this extreme.

No democratically-elected leader can commit his country to war without some semblance of unity on the home front: at street level and in its legislature. He certainly cannot send troops into harm's way when his political opponents are determined to make his every initiative fail. People at the front, soldiers and civilians, will die, not the politicians in Washington.

In 2013, when it was confirmed Syrian President Bashar al-Assad used poison gas on his own people, he "crossed a red line" spelled out by Obama that would trigger an American military response. Cameron went to Parliament to get authorisation for Britain to join the US. Ed Miliband led a successful revolt in the House of Commons against that action. The vote not to authorise air strikes against the Assad regime accurately reflected public opinion in Britain.

In the Atlantic article, Secretary of State John Kerry recalls thinking "Oops" when he heard the news from Britain. A few days later Obama decided to walk back from his red line, in part because America's wing man, Britain, would not be part of the mission.

The debate in Parliament was sober. Debates in Congress are no longer serious and they don't reflect wide public opinion - just partisan talking points.

Another harsh reality that Obama and Trump are both alluding to: who will do the fighting? Unspoken but observable fact: America's armed forces cannot bear another conflict. Obama ran on a platform of getting American troops out of the wars he inherited in part because he understood how badly stretched the military was. He managed to pull soldiers out of Iraq but not Afghanistan.

By the time of the pull-out from Iraq in 2011 soldiers were frequently doing three and four tours of duty. The shocking levels of suicide among Iraq and Afghanistan veterans is testimony to what that many deployments can do to individuals also to a military fighting several wars without the manpower to do so.

Trump in his New York Times interview also spoke of troop drawdowns, not just in the Middle East but in Asia. Asked if he would remove troops from Japan and South Korea, he said, "Yes, I would. I would not do so happily, but I would be willing to do it … We cannot afford to be losing vast amounts of billions of dollars on all of this. We just can't do it anymore."

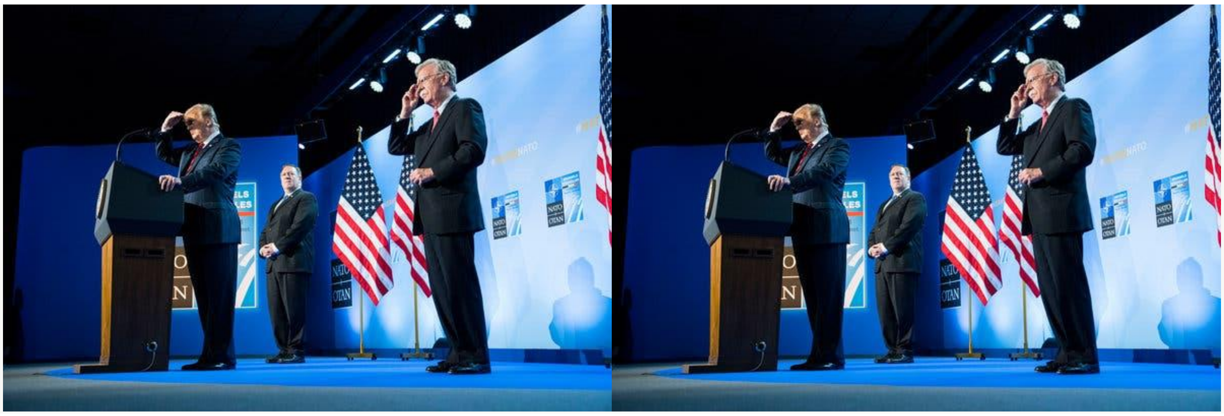
When it comes to specifics, of course, the two men have nothing in common. To avoid putting troops in the line of fire, Obama has become a devotee of drone strikes. Trump goes all in on nuclear weapons, "If Japan had that nuclear threat, I'm not sure that would be a bad thing for us."

A year from now Barack Obama will be out of office, whoever replaces him - Donald Trump, Hillary Clinton or A.N. Other - will face the same basic problems: a dangerously divided society, an overstretched military and a view among legislators that America's allies need to do much, much more to shoulder the financial and manpower burdens of maintaining the Western Alliance.

Civil servants at the Foreign Office and every other NATO foreign ministry should be preparing policy papers reflecting this American reality. If they aren’t they are derelict in their duty

Article 15

Trump Discussed Pulling U.S. From NATO, Aides Say Amid New Concerns over Russia



President Trump with Secretary of State Mike Pompeo, left, and the national security adviser, John R. Bolton, at the NATO summit meeting in Brussels last year. Mr. Trump's threats to withdraw from the alliance had sent officials scrambling to prevent the annual gathering from turning into a disaster. Credit...Doug Mills/The New York Times

By Julian E. Barnes and Helene Cooper

- Jan. 14, 2019

WASHINGTON — There are few things that President Vladimir V. Putin of Russia desires more than the weakening of NATO, the military alliance among the United States, Europe and Canada that has deterred Soviet and Russian aggression for 70 years.

Last year, President Trump suggested a move tantamount to destroying NATO: the withdrawal of the United States.

Senior administration officials told The New York Times that several times over the course of 2018; Mr. Trump privately said he wanted to withdraw from the North Atlantic Treaty Organization. Current and former officials who support the alliance said they feared Mr. Trump could return to his threat as allied military spending continued to lag behind the goals the president had set.

In the days around a tumultuous NATO summit meeting last summer, they said, Mr. Trump told his top national security officials that he did not see the point of the military alliance, which he presented as a drain on the United States.

At the time, Mr. Trump's national security team, including Jim Mattis, then the defence secretary, and John R. Bolton, the national security adviser, scrambled to keep American strategy on track without mention of a withdrawal that would drastically reduce Washington's influence in Europe and could embolden Russia for decades.

Now, the president's repeatedly stated desire to withdraw from NATO is raising new worries among national security officials amid growing concern about Mr. Trump's efforts to keep his meetings with Mr. Putin secret from even his own aides, and an F.B.I. investigation into the administration's Russia ties.

A move to withdraw from the alliance, in place since 1949, “would be one of the most damaging things that any president could do to U.S. interests,” said Michèle A. Flournoy, an under-secretary of defence under President Barack Obama.

“It would destroy 70-plus years of painstaking work across multiple administrations, Republican and Democratic, to create perhaps the most powerful and advantageous alliance in history,” Ms. Flournoy said in an interview. “And it would be the wildest success that Vladimir Putin could dream of.”

Retired Adm. James G. Stavridis, the former supreme allied commander of NATO, said an American withdrawal from the alliance would be “a geopolitical mistake of epic proportion.”

“Even discussing the idea of leaving NATO — let alone actually doing so — would be the gift of the century for Putin,” Admiral Stavridis said.

Image
President Bill Clinton, along with other world leaders, at the NATO 50th anniversary summit meeting in 1999. This year’s 70th anniversary meeting was downgraded to a foreign ministers gathering, as diplomats feared that Mr. Trump could use it to renew his attacks on the alliance. Credit...Doug Mills/Associated Press

Senior Trump administration officials discussed the internal and highly sensitive efforts to preserve the military alliance on condition of anonymity.

After the White House was asked for comment on Monday, a senior administration official pointed to Mr. Trump’s remarks in July when he called the United States’ commitment to NATO “very strong” and the alliance “very important.” The official declined to comment further.

American national security officials believe that Russia has largely focused on undermining solidarity between the United States and Europe after it annexed Crimea in 2014. Its goal was to upend NATO, which Moscow views as a threat.

Russia’s meddling in American elections and its efforts to prevent former satellite states from joining the alliance have aimed to weaken what it views as an enemy next door, the American officials said. With a weakened NATO, they said, Mr. Putin would have more freedom to behave as he wishes, setting up Russia as a counterweight to Europe and the United States.

An American withdrawal from the alliance would accomplish all that Mr. Putin has been trying to put into motion, the officials said — essentially, doing the Russian leader's hardest and most critical work for him.

When Mr. Trump first raised the possibility of leaving the alliance, senior administration officials were unsure if he was serious. He has returned to the idea several times, officials said increasing their worries.

Mr. Trump's dislike of alliances abroad and American commitments to international organizations is no secret.

The president has repeatedly and publicly challenged or withdrawn from a number of military and economic partnerships, from the Paris climate accord to an Asia-Pacific trade pact. He has questioned the United States' military alliance with South Korea and Japan, and he has announced a withdrawal of American troops from Syria without first consulting allies in the American-led coalition to defeat the Islamic State.

NATO had planned to hold a leaders meeting in Washington to mark its 70th anniversary in April, akin to the 50-year celebration that was hosted by President Bill Clinton in 1999. But this year's meeting has been downgraded to a foreign ministers gathering, as some diplomats feared that Mr. Trump could use a Washington summit meeting to renew his attacks on the alliance.

Leaders are now scheduled to meet at the end of 2019, but not in Washington.

Mr. Trump's threats to withdraw had sent officials scrambling to prevent the annual gathering of NATO leaders in Brussels last July from turning into a disaster.

Article 16

How China Is Dealing With Its Water Crisis

BY RENEE CHO | MAY 5, 2011
84123
Comments

Recently I travelled to Southeast Yunnan in China to see the spectacular Yuan Yang rice terraces, flooded and ready for spring planting. Rice is a very water-hungry crop and China is the world's largest producer of rice and grain. Yet China is facing a perilous water crisis.

China becomes drier each year—its freshwater reserves declined 13% between 2000 and 2009. Severe droughts occurred in 2000, 2007 and 2009. Normally the southern regions receive 80% of China's rainfall and snowmelt, about 79 inches a year, while the north and west get 20%, 8 to 16 inches.

Photo credit: Toby Simkin

This winter, Beijing and the northern and eastern provinces had the worst drought in 60 years. It has left 2.57 million people and 2.79 million heads of livestock short of water, and affected 12.75 million acres of wheat fields, which sent global food prices soaring. South China experienced 50% less rainfall than normal, resulting in the drying up of rivers and reservoirs. While torrential rainfall fell on the south this week, northern regions are still suffering from drought.

China's per capita availability of water is 1/3 the world's average, and in the dry north where most of the grain and vegetables are grown, per capita availability is only 1/4 of that in the south. Over 300 million people in rural areas have no access to safe drinking water and 54% of China's main rivers contain water unfit for human consumption.


Drought in southwest China. Photo credit: Bert van Dijk

The water crisis is due to a number of interlinked factors. Climate change is speeding up the melting of glaciers on the Tibetan Plateau, which is affecting the Yangtze, Mekong and Indus Rivers. Warming temperatures and changing precipitation patterns are causing droughts and increasing desertification. According to *World on the Edge* by Lester Brown, over the last 50 years, 24,000 villages in north and west China were abandoned because of desertification, and the advancing Gobi Desert is now only 150 miles from Beijing.

Water pollution has increased over the last three decades, penetrating coastal and inland water bodies, and both surface and groundwater. Rivers and lakes polluted by industrial wastewater discharge, untreated sewage, and agricultural runoff force people to draw on groundwater, which results in falling water tables and the drying up of wells, wetlands, and lakes. As groundwater is pumped faster than it can be recharged, wells must be dug deeper, raising the risks for saltwater intrusion and land subsidence. In 2005, 36.3% of north China's water supply was taken from groundwater, and 90% of urban groundwater was reported to be polluted.

Waste and inefficiency also contribute to the water shortage according to a 2009 World Bank report on China's water scarcity which found that only 45% of the water withdrawn for agriculture actually gets used by the crops. In addition, the water recycling rate for industry (which accounts for 24% of China's water consumption) is only 40%, compared to 75% to 85% in developed countries.

China's population of 1.3 billion, almost half of which is urban, is expected to reach 1.45 billion by 2020. National water consumption will go from 599 billion cubic meters (158 trillion gallons) to 630 billion cubic meters by 2020. By then, 57% of the population will live in cities, and by 2030, 70% will be urban dwellers—who consume three times as much water and energy as rural residents.

So not only must China deal with a drying climate and the water needs of a fast-growing urban populace, it must also satisfy the increased demands for energy—and energy production requires water. By 2020, electricity generating capacity is expected to double to 1,900 gigawatts, and despite the country's significant investments in renewable energy, more than one-fourth of the added electricity will still have to come from coal, which today provides 70% of China's energy.


Coal mine in Inner Mongolia. Photo credit: Wolfiewolf

Coal mining, processing, combustion and coal-to-chemical industries are responsible for 22% of the nation's total water consumption, second only to agriculture. In the future, China's new coal-to-liquid fuel plants that make diesel fuel and water-intensive coal-to-chemical plants that produce pharmaceuticals, pesticides, fertilizer, plastics, etc. will only multiply. By 2020, the coal sector will be responsible for 27% of China's total water consumption, with an estimated 34 billion cubic meters of water per year used by coal-fired power plants alone. The problem is that most of this additional water will be needed in the arid northern and western provinces of Xinjiang, Inner Mongolia, Shanxi and Ningxia where China's vast coal reserves lie. But between 2004 and 2009, Inner Mongolia lost 46.8 million cubic meters of fresh water and Xinjiang lost 95.5 million cubic meters.

In an interview with *Circle of Blue*, a non-profit that reports on the global water crisis, Ma Jun, Director of the Institute for Public and Environmental Affairs, and author of *China's Water Crisis,* warned that if China does not resolve this water-energy dilemma, it could have serious repercussions for the country's biodiversity, public health, social stability, energy security, and even global relations.

China's leaders know that water scarcity is a huge problem, and are tackling it on a number of fronts. One solution is a plan to quadruple the country's capacity to desalinate seawater over the next decade. Today China can desalinate 600,000 tons of water a day, but it aims to produce 2.5 to 3 million tons of desalinated water a day by 2020, mainly for use in the dry northern areas. However, desalination is expensive and requires energy, which, in turn, involves more water.

Construction of the SNWDP. Photo credit: Bert van Dijk

To meet the water and energy demands of urban centres, industry, and agriculture in the northern and western provinces, China is building the $62 billion South-to-North Water Diversion Project (SNWDP), the largest such project ever attempted. When completed in 2050, it will link the Yangtze, Yellow, Huaihe and Haihe rivers, and divert 44.8 billion cubic meters of water yearly from southern rivers to the arid north. The SNWDP will consist of three routes. The *eastern route*, begun in December 2002, will transfer 14.8 billion cubic meters of water yearly from the lower Yangtze, via the ancient 1800-kilometer Hangzhou to Beijing canal, to Jiangsu, Anhui, Shandong and Hebei provinces and the city of Tianjin. It is expected to be completed in 2013. The *central route*, begun in December 2003, will operate on gravity alone and divert 13 billion cubic meters of water each year from the Danjiangkou Reservoir on the Han River (a Yangtze tributary) to Beijing, Tianjin and other cities. It's scheduled for completion in 2014. The ambitious and controversial *western route* will transfer water from three Yangtze tributaries across the Qinghai-Tibet Plateau through the Bayankala Mountains into northwest China. Designed to replenish the flows of the Yellow River for irrigation, it has not yet been given the official go-ahead.

Economists, environmentalists, academics and other critics have raised concerns about the SNWDP, fearing that water from the lower Yangtze for the eastern route will remain too polluted to use even after passing through numerous water treatment plants that are planned, and that further industrialization along the routes could pollute diverted water. Because the south of China is also becoming drier, some worry that the southern provinces just do not have enough water to spare. And there are also concerns about the displacement of people, and the destruction of pasture and antiquities.

Of the SNWDP, Ma Jun said, "this extra volume will only delay the coming of the crisis a little bit. It will not really resolve the whole problem…it cannot fill out even the current, existing gap, let alone that much bigger gap in the future, unless we do something very, very different in our water governance."

The Chinese leadership is trying not only to increase water supply, but also to curb demand through conservation and efficiency measures, and it's committed to spending

$612.23 billion on water conservation over the next 10 years. Since 1998, China has taken 21 million acres of farmland out of production, and required farmers to use more water conserving irrigation practices, reducing the water consumption of agriculture from 83% in 1990 to 60% in 2010.

Plastic sheeting on fields. Photo credit: Renee Cho

In a pilot program I saw in action throughout southwest China, farmers place plastic sheeting around crops, which collects rainwater that flows into the land and minimizes water loss.

Industry is conserving water through a progressive new system of water rights transfers in arid Inner Mongolia and Ningxia: The coal industry pays farmers for irrigation upgrades that save water which it can then use. State-of-the-art coal plants are producing more electricity and using less water, while coal mines in Inner Mongolia and Shanxi Province are consolidating in order to use water more efficiently. Proposed industrial plants have to prove there is enough water available for them to operate before construction begins, and once approved, must recycle their water. New buildings in big cities like Beijing are outfitted with plumbing systems that recycle water for washing clothes and flushing toilets.

China is also investing heavily in water-saving renewables such as wind, solar, and seawater-cooled nuclear power, and expects that their generating capacity will go from 53 gigawatts in 2010 to 230 gigawatts in 2020. New solar, wind and nuclear plants will replace 100 coal plants, conserving 3.5 billion cubic meters of water per year.

On March 14, 2011, China released its 12th Five-year Plan. "With the 12th Five-Year Plan, China is adopting its most stringent water resource policies to date," said Wang Hao, director of the Water Resources Department at the China Institute of Water Resources and Hydropower Research. The plan calls for a 30% reduction in water use for every dollar of industrial output, aims to reduce water pollution by 8% by 2015, and puts a limit on total water use in the Yellow River Basin.

Will these commitments and long-range plans be enough to solve China's water crisis? The World Bank report stressed that China also needs to strengthen law enforcement, streamline and coordinate water management institutions, and establish clear water rights and penalties. It recommended the use of water trading rights and water pricing to manage demand, and suggested making more information available to the public to increase public involvement.

Despite the daunting challenges, the World Bank expressed confidence in China's ability to meet them. "The Chinese, who have demonstrated immense innovative capacity in their successful program of economic reform, can and should take another bold move in reforming the institutional and policy framework to make it become a world leader in water resource management."

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Article 17

Chinese firm sends 6,400 employees on French holiday

- 9 May 2015

A Chinese company has paid for 6,400 of its employees to go on a four-day holiday to France.

The biggest tour group to visit the country was welcomed in the southern resort of Nice on Saturday.

Tiens Group president Li Jinyuan booked up 140 hotels in Paris and more than 4,700 rooms in Cannes and Monaco for their trip.

Their holiday included a private viewing of the Louvre museum and a mass visit to the Moulin Rouge cabaret show.

On Friday, Guinness World Records' inspectors watched the group line up on a beach to break the record for the longest "human-made phrase".

Broke the record for the longest human-made phrase visible from the sky on Friday

Local media say that the group is expected to spend some €13m ($14.6m; £9.5m) in total.

"We have mobilised public services as well as tourism professionals, hotels, restaurants, shops and designer brands," said Christian Mantel, head of tourism development agency Atout France.

"So far everything has gone smoothly, the feedback has been extremely positive," he said, as quoted by the Agence France-Presse news agency.

The tourists have hired 146 buses to drive them around for the duration of their holiday.

The Tiens Group has business interests in a number of fields, including tourism, trade and cosmetics

Article 18

China has shifted to domestic consumption-driven economy, growth to average at 6.5%

Former Vice Premier of China H.E. Zeng Peiyan gave the keynote address at the House of Lords during the first day of the 2015 World Chinese Economic Summit in which he spoke about ongoing economic reforms in China. Photo by Miles Willis

11/11/15

By Naomi Canton

A top Chinese economic advisor has rejected foreign criticism about the way China has handled the economic slowdown in the country and said it was on course to grow at an average annual rate of 6.5 percent between 2015 and 2020.

"We have shifted from an external demand-driven economy to a domestic demand-driven economy. Domestic consumption is now the most important driver of our development," former Vice Premier of China H.E. Zeng Peiyan said.

He made these comments about the world's second largest economy in a keynote address he gave at the House of Lords on the opening day of the 2015 World Chinese Economic Summit on Tuesday.

He explained the focus of the Chinese economy had shifted from quantity to quality and efficiency as the number of middle-income Chinese was rapidly rising. That number is expected to reach 400-500 million by 2020 and the tertiary sector was also expanding.

“We have shifted from subsistence consumption to high quality consumption and from a net importer of capital to a net exporter of capital,” he explained, speaking through an interpreter. “We aim to lift 70 million rural people out of poverty by the end of 2020 which will also boost consumption,” he added.

Whilst last year China received a record US$123 billion of FDI (foreign direct investment), its ODI (outbound direct investment) has now matched that figure.

“I have never seen a period in which the world has paid so much attention to China,” he continued. In the past the China story was businesses opportunities and growing markets, he said. But now people wanted to know what impact China would have on the rest of the world.

Mr Peiyan, who has first-hand experience of mapping out and implementing major policies in China from his time when he was in charge of economic affairs in the State Council of the People’s Republic of China, said the Chinese Government was aware of the concerns the outside world had about the country’s economic development. He said their concerns focused on two issues: firstly, whether the economy had passed its peak and whether it would have a hard or soft landing; and secondly whether China would change its strategy of opening up its economy and tighten its policies towards foreign investors. Economic reforms in China to open the country up to foreign investment and privatise state-controlled companies began in 1978 and have continued ever since.

But Mr Peiyan said China had no intention of “suppressing foreign investment.” On the contrary it planned to expand market access for the services sector.

“Will the Chinese economy have a hard landing? No,” Mr Peiyan, Vice Chairman of the Boao Forum for Asia, continued. “It’s true the Chinese economy has been on a downward trajectory in recent years and the GDP growth rate has been below seven per cent,” he said, but he blamed that on the external world recovery leading to lower international market demand and overcapacity. “We need to adjust our economic structure and upgrade it,” he said.

“We have seen excess capacity to overcapacity in some traditional industries,” he explained. But the Chinese Government had addressed this and put may reforms in place, he said.

“We have tightened lending to certain industries, strengthened environmental protection, expanded the size of the fiscal deficit, used the stock in the fiscal budget, implemented structural tax cuts and lowered the deposit lending ratio and interest rate. Both the fiscal deficit and government debt are in the safe range and there is big room for fiscal and monetary policy manoeuvring so the fundamentals are good, as long as we can ensure we implement relevant policies,” he stated.

Mr Peiyan, who is also Chairman, State Development Planning Commission and China Centre for International Economic Exchanges, pointed out the Chinese Government had responded to sharp rises and falls on the Shanghai stock exchange this year by providing liquidity which restored confidence among investors and in the market. But he said this led to unwarranted remarks about government intervention in the stock market. “But I think it achieved good results although there is room for improvement in the way the policies were implemented,” he said.

He defended the People's Bank of China deliberate devaluation of the renminbi (RMB) in August. "This was a reaction to the piling up of expectation and a reaction to national market supply and demand. In my opinion international markets overreacted to this move," he said. "We were very surprised by the strong reaction from international markets. After all the range of currency fluctuations was less than two per cent," he said, though he admitted it did have some impact on some Asian currencies. "This exposed the lack of transparency and communication with market players when relevant policies are made."

Click below to see photos of the World Chinese Economic Summit

He said the Government was aware of concerns about a bubble in China's real estate sector. But he said that this year the Government had taken action to ease restrictions on purchasing homes and as a result sales of houses and house prices have rebounded. "But we have a very large inventory in China so the chances of a rapid rebound were slim. In the months to come with the demand of existing home owners and the consumption of the inventory I think the real estate market will be more stabilised," he added.

Mr Peiyan explained that China was introducing a management model to promote foreign investment and trade liberalisation and to create an open and transparent legal policy. "We have announced that we will open our services industries further, expand the banking, insurance and pensions sector and promote unrestricted use of the RMB. Our FDI policy won't change. China is implementing a strategy of innovation driven-development and pushing forward urbanisation. Seventy per cent of Chinese population will be urban by 2030," he said. The country's new policy to allow couples to have two children meant that 30 million more people would enter the workforce by 2050, he said. This labour force will prolong the population dividend.

"Per capita public infrastructure stock is still very low. It is less than one third of that of Europe and this represents great demand for investment in the future. The Chinese are committed to developing a low carbon economy so green buildings will enjoy a bright future..

China's expenditure on R&D has increased to 2.1 per cent of GDP. "Even in the slowdown the number of new businesses registered in China exceeded 10,000 per day," he said, adding China was committed to reforming its business environment. "These trends all show that economic restructuring in China is well underway," he concluded.

Article 19

Most Chinese rare earth miners running at a loss — report

Cecilia Jamasmie | Aug. 12, 2015, 8:15 AM | 6,392 | 0

PEOPLEMINE FACEBOOK LINKEDIN TWITTER EMAIL PRINT

Cargo ships loaded with rare earth soil for export in China (Image by tab62|Shutterstock.com)

About 90% of China's rare earth producers are currently operating at a loss as prices for the coveted elements — used in high-tech sectors — continue to drop due to overcapacity and illegal mining.

According to the Association of China Rare Earth Industry, local companies have been losing money for months and many are expected to close up shop before year-end.

Chen Zhanheng, the group's deputy secretary-general, told *China Daily* the main issues weighing on the market are oversupply and illegal mining.

Many companies rushed into rare earth mining and production business when prices were high, he told the paper, producing much more than what the market really needed.

"Rare earths are not as difficult to mine and process as many seem to think, so many illegal miners are bypassing regulations to dig and smelt the metals. This, in turn, has led to a glut in the market," he said.

The situation has not only affected small producers. The country's six largest rare earth miners are also feeling the pinch, according to *Investorintel*:

Xiamen Tungsten, for instance, reported a sharp drop in its net profit in the first half of 2015, the company's rare earth business has suffered a loss of $11.5 million during the period, $8.8 million more than the year before. Guangdong Rising Nonferrous is forecast to lose $5 to $6 million, down about 600% when compared to the $1 million reported last year last year. China Minmetals Rare Earth expected its net profits in the first half to stand at up to $470,000.

End of a monopoly

Until 2010, China controlled around 97% of the supply of the coveted metals, used in advanced electronics, defence and renewable energy. But when it sought to impose export controls to give an advantage to domestic electronics producers, prices soared by up to 20 or 30 times previous levels.

Attractive prices encouraged investment in the sector in the U.S., Australia and other places outside China. But, at the same time, it fired up smuggling from the Asian nation and a consequent drop in prices.

Rare earths were further battered earlier this year, when China scrapped export tariffs, which had inflated international prices, after a World Trade Organization ruling.

Now market observers are saying that prices for the 17 sought-after elements should start picking up by year-end. However, they also warn that a glut of supplies, including from illegal mines and smuggling in China, could cause the market to crash back down.

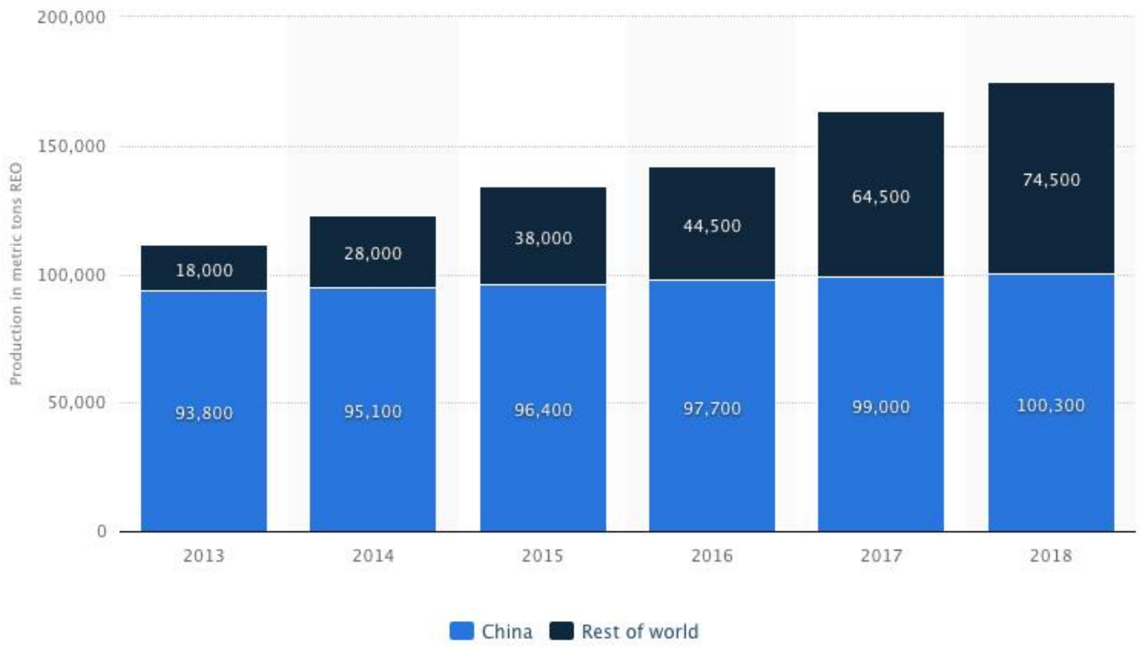
Investment confidence has been badly hit by the poor performances of the two major producers outside China — Molycorp (NYSE:MCP-A) and Lynas Corp (ASX:LYC).

Canadian rare earth companies have also shed nearly all of their value in the last few years. Shares of Avalon Rare Metals (TSE:AVL) are down 96% from their 2011 high, while Quest Rare Minerals' (TSE:QRM) stocks have dropped about the same, since March 2012.

Meanwhile, China continues to restrict the number of firms allowed to produce and export rare earths. This means there will remain a significant supply bottleneck that is likely to encourage smuggling as well as illegal production in the nation, with the feared consequences in prices.

Projected rare earth production for China and the rest of world from 2013 to 2018 (in metric tons REO)

This statistic shows projected rare earth production from China and also the rest of world from 2013 to 2018. For 2017, it is estimated that the rare earth production worldwide (excluding China) will be some 65 thousand metric tons.



(Chart courtesy of Statista.com)

Article 20

- The Geopolitics of Climate Change: Will China Become the Green Superpower?

The Geopolitics of Climate Change Will China Become the Green Superpower?

At the UN climate summit in Durban, China has signalled for the first time that it could sign up to a binding global agreement on CO2 emissions. Indeed, fighting climate change will be impossible without the future superpower on board. Taking a green approach to economic development could bring China massive benefits -- if Beijing decides to go down that road.

AFP

A coal-powered power plant on the outskirts of Beijing: China has to decide what course its future development will take.

December 09, 2011 05:04 PM

China's rise to superpower status seems unstoppable. But what course will it take over the coming decades? Let's take a look at two very different scenarios for the China of 2025:

- Under the first scenario, China has become the largest economy in the world, due to a close trans-Pacific alliance with the US. The People's Republic mainly generates its wealth by providing its American neighbour in the Far East with cheap money and cheap consumer goods. But the toll for this strategy is high: Chinese CO2 emissions are now higher than the emissions of all other nations combined. Per capita emissions have soared even above the levels of the United States. As droughts, floods and food shortages increasingly ravage the planet, billions of people perceive Beijing as the main culprit behind climate change. More than 100 nations, including the EU, have formed an official alliance against "Chimerica," as the two superpowers threaten to destroy the biosphere. There are warnings of an impending "climate war."

- Under the second scenario, China has become the largest economy in the world, due to a close Eurasian partnership with the EU and India. The People's Republic mainly generates its wealth by developing and exporting green technologies. In collaboration with the EU, Beijing has put in place rules against excessive indebtedness, which apply both to financial and "ecological" debts. The cost to the environment is now integrated into how Eurasian nations calculate their gross domestic product. CO_2 emissions are beginning to decline around the world, except in the United States. The former superpower is culturally incapable of modernizing itself ecologically and is losing its power due to its addiction to cheap oil. Eurasia has become the new superpower, with China as the dominant force.

These two scenarios are at the core of the United Nations Climate Summit in Durban. Will the world climate of the future be heated by Chimerica or cooled by Eurasia? In a way, the talks in South Africa are all about whether China will choose the first or second option. At first glance, the climate negotiations may appear to be gatherings of technocrats who are supposed to deal with the consequences of the pollution caused by our prosperous industrial society. But that is only true at first glance. In reality, the summits are about a much larger question: the role China will play as the new superpower in the coming years and decades.

Unofficial Alliance

"Climate change is not a topic in itself -- it is embedded in the new distribution of global power," says German Environment Minister Norbert Röttgen. What that means was already visible at the 2009 climate talks in Copenhagen: Back then, the US and China -- which are closely linked together through intensive trade and debt arrangements -- formed an unofficial alliance to stop a global climate treaty, because of fears it would interfere too much with the two countries' current and future levels of energy use and consumption. It was made brutally clear to German Chancellor Angela Merkel and other European leaders just how powerless they are when Chimerica decides to flex its muscles. Ever since, Europe has been haunted by fears that this configuration might repeat itself in other areas. US President Barack Obama's recent talk about a "Pacific century" has certainly strengthened these fears, despite his critical remarks about China.

In Durban, however, things now look different from Copenhagen: China surprised the world by announcing that it might become part of a legally binding global agreement.

This contrasts strongly with the US position in Durban. The Obama administration is effectively paralyzed when it comes to action on climate change. It has no chance to get any agreement through Congress, which is dominated by Republicans who deny the findings of climate scientists and act on behalf of the powerful fossil-fuel lobby.

China has remained vague about what it really meant with its announcement, and EU politicians like Norbert Röttgen question whether it really represented a breakthrough. But it seems that there are at least powerful forces within the Chinese leadership who would like to see their country move ahead and endorse progressive action on CO_2 reductions, including binding targets for China itself. Chinese negotiators even tried to win over India ahead of the Durban talks -- another sign that the country is serious. The last hours of the summit will now reveal what China really wants. If the country agrees to join a global treaty in Durban or anytime soon, then this might open up the path towards a Eurasian climate alliance.

"If China and the EU get together and generate positive changes in climate policy, this would mean a fundamental shift in the global political landscape with many consequences," says Environment Minister Röttgen.

A Difficult Choice

China is in the process of deciding how its transformation from a developing nation to a superpower will play out. The country is already becoming increasingly influential in terms of foreign policy. Its strong presence in Africa gives it a reach far beyond Asia and two aircraft carriers are under construction which will put China back on the military naval map for the first time in 500 years. When Chinese Premier Wen Jiabao offered Europe a "helping hand" in the financial crisis in June, it became obvious how much global power has already shifted to China. It is no longer a question of whether China will become a superpower, but of when and how.

Beijing faces a difficult choice. A trans-Pacific alliance with the US in the form of Chimerica promises a fast track towards Western-style wealth. By ensuring a steady flow of consumer goods to keep the Chinese population happy, it would provide social and political glue to help stabilize China's current system. New coal-fired power plants, millions of large cars and a construction boom without any focus on energy efficiency would bring the traditional American way of life to China. But that approach would come with a price. China would face growing risks to its food security caused by runaway climate change. It would also risk a political storm directed against itself as the largest emitter of CO_2 in the world.

So in the medium term, the second option -- a Eurasian climate alliance -- might be more attractive for China. If the country decides to team up with the EU and manages to get India into such an alliance, it would be playing the role of the "good guy" on the international stage for the first time. China would prove that it is better capable of global leadership than the US. That's no small thing for a country that is -- rightly -- criticized for its lack of democracy and negative record on human rights.

For the US, agreeing to an ambitious climate plan would be almost impossible, because Republicans and many Democrats would block such a move, and because the American public seems to be stuck in its love for wasting energy and resources. The situation is different in China. The leadership is capable of taking bold decisions, and environmental awareness is already strong. Also, China already has put in place many rules and regulations that are needed to reduce energy consumption and CO_2 emissions in the long run. The country's new five-year plan was widely applauded by green strategists like Achim Steiner, head of the United Nations Environment Programme (UNEP). China is already introducing CO_2 emissions-trading schemes. Such schemes failed in the US for fear that fossil fuels could become more expensive.

Economic and Political Benefits

A Eurasian alliance with the EU could also be economically beneficial for China. Both sides already invest massively in renewable energy, public transport and cars powered by eco-electricity. Exporting solar cells, wind turbines and other green technologies is becoming increasingly important for the Chinese economy. Eurasian CO_2 reduction targets and a Eurasian CO_2 certificate trading scheme could help to speedily clean up and modernize the Chinese economy and make it less dependent on importing oil from abroad. As pollution is the cause of many protests in China every year, a stringent green strategy also promises increased political stability.

Equally important, if China takes the global lead in climate policy, it would strengthen its position in Africa, where it has a lot of political and resource-based interests. In Durban on Thursday, African nations for the first time teamed up with the EU to put China under pressure. Many African countries feel that climate change poses an existential threat to them. In order to maintain its influence in Africa, it might be important for China to be seen as a leader in CO_2 reduction, rather than the main cause of droughts and food shortages.

Of course, the Eurasian option is more difficult for China. It would mean slowing the growth that is only possible through burning fossil fuels. That is why the leadership has so far not come out with a clear statement. It seems that a power struggle is underway in Beijing between old-style economists and those who see a green and sustainable China as the country's future.

A Chance to Show Global Leadership

The United Nations summit in Durban was played down and even derided by many before it started two weeks ago. But it has turned out to be a very important gathering where important geopolitical shifts have become visible. The US is clearly feeling a sense of panic that it will leave Durban fully isolated and that in the future it will be branded as the nation that failed the rest of the world in energy policy and green technologies, while other nations build a resilient and smart economy. It could become obvious that US democracy is stuck in short-termism, polarization and a hostility towards scientific findings. In rejecting a global strategy, the US would show that it is incapable of global leadership and that all it has is hard and expensive military power. People in the West have many reasons to prefer a trans-Atlantic alliance on climate policy, but such an alliance is impossible given the political paralysis in Washington.

For China on the other hand, Durban and other forthcoming climate meetings are an ideal platform for Beijing to show global leadership, the ability to follow a long-term strategy and to develop what is now called "smart power" in its rise to superpower status. Strategists might even speculate that a decisive green strategy might pave the way for a "Chinese way of life" in the distant future.

None of this will be openly spelled out in the documents that come out of Durban. It will be hidden in small words, deadlines and diplomatic language. But behind climate policy, we can see the geopolitics of the 21st century.

Article 21

China builds world's biggest solar farm in journey to become green superpower

Vast plant in Qinghai province is part of China's determination to transform itself from climate change villain to a green energy colossus

Thursday 19 January 2017 12.00 GMT

High on the Tibetan plateau, a giant poster of the Chinese president, Xi Jinping, guards the entrance to one of the greatest monuments to Beijing's quest to become a clean energy colossus.

To Xi's right, on the road leading to what is reputedly the biggest solar farm on earth, a billboard greets visitors with the slogan: "Promote green development! Develop clean energy!"

Behind him, a sea of nearly 4m deep blue panels flows towards a spectacular horizon of snow-capped mountains – mile after mile of silicon cells tilting skywards from what was once a barren, wind-swept cattle ranch.

"It's big! Yeah! Big!" Gu Bin, one of the engineers responsible for building the Longyangxia Dam Solar Park in the western province of Qinghai, enthused with a heavy dose of understatement during a rare tour of the mega-project.

The remote, 27-square-kilometre solar farm tops an ever-expanding roll call of supersized symbols that underline China's determination to transform itself from climate villain to green superpower.

Built at a cost of about 6bn yuan (£721.3m) and in almost constant expansion since construction began in 2013, Longyangxia now has the capacity to produce a massive 850MW of power – enough to supply up to 200,000 households – and stands on the front line of a global photovoltaic revolution being spearheaded by a country that is also the world's greatest polluter.

"The development of clean energy is very important if we are to keep the promises made in the Paris agreement," Xie Xiaoping, the chairman of Huanghe Hydropower Development, the state-run company behind the park, said during an interview at its headquarters in Xining, the provincial capital.

Xie said that unlike Donald Trump, a climate denier whose election as US president has alarmed scientists and campaigners, he was convinced global warming was a real and present danger that would wreak havoc on the world unless urgent action was taken.

"When I was a child, rivers usually froze over during the winter; heavy snowfall hit the area every year, so we could go skiing and skating … people weren't very rich, and nobody had a fridge, but you could still store your meat outside," the Qinghai-born Communist party official remembered. "We cannot do that any more."

Anders Hove, a Beijing-based clean energy expert from the Paulson Institute, said that as recently as 2012 solar power was shunned as a potential source of energy for China's domestic market because it was seen as too expensive.

No more. Costs have since plummeted and by 2020 China – which is now the world's top clean energy investor – hopes to be producing 110GW of solar power and 210GW of wind power as part of an ambitious plan to slash pollution and emissions. By 2030, China has pledged to increase the amount of energy coming from non-fossil fuels to 20% of the total.

Earlier this month, meanwhile, China's energy agency vowed to spend more than $360bn on renewable energy sources such as solar and wind by 2020, cutting smog levels, carbon emissions and creating 13m jobs in the process.

"The numbers are just crazy," said Amit Ronen, director of the George Washington University's GW Solar Institute, who described feeling "awed" by the scale of the Chinese solar industry during a recent trip to the country.
Activists now hope Beijing will up the ante once again following Trump's shock election. Amid fears the billionaire US president will water down attempts by his predecessor, Barack Obama, to fight global warming, campaigners are calling on China's rulers to seize the mantle and position their country as the world's number one climate leader.
"As Mr Trump drops Obama's legacy, Mr Xi might establish one of his own," Greenpeace campaigner Li Shuo told the Guardian on Wednesday .
That campaigners are now looking to China for green leadership underlines the once unimaginable changes that have taken place in recent years.
While China remains the world's biggest emitter, thanks to its toxic addiction to coal, it has also become an unlikely figurehead in the battle against climate change.
Last September campaigners hailed a major victory in the war on global warming when China and the US jointly announced they would formally ratify the Paris agreement.
"Our response to climate change bears on the future of our people and the wellbeing of mankind," Xi said, vowing to "unwaveringly pursue sustainable development".
Ronen said: "A decade ago, China's attitude was: 'You guys put all that carbon in the atmosphere growing your economy, we should be allowed to put a lot of pollution up there too to grow our economy. Now look at where we are."
Sam Geall, the executive editor of China Dialogue, a bilingual website on the environment, said Beijing viewed having a climate change denying US president as a rare and unexpected opportunity to boost Chinese soft power by positioning itself as the world's premier climate change fighter.
"[China sees it as] an opportunity for them to show leadership," he said. "I've already heard that from people who work in environment bureaucracy in China. They see this as an opportunity for China to step up."
Ronen said China's renewable revolution, which has seen sprawling solar and wind parks spring up across its western hinterlands, was part of a dramatic political U-turn that culminated in Beijing throwing its weight behind the Paris climate accord last year.
He said part of the explanation was air pollution – repeated episodes of toxic smog have convinced Beijing it must take action to quell public anger – and part was climate change.
"They are very much impacted by a lot of these climate change weather patterns that are particularly troublesome: drought in the north, flooding they are very vulnerable to," Ronen said.
But Paulson Institute's Hove said the key driving force behind China's low carbon quest was economic. "Most of the things that China is doing related to the environment are generally things that China … wants to do for the economy as well," he said, pointing to Beijing's desire to rebalance the economy away from investment-led heavy industry-focused growth while simultaneously making itself the key player in an "industry of the future" and guaranteeing its own energy security.
Hove said Beijing saw a "huge investment opportunity" in exporting low-carbon technology such as high speed rail, solar power or electric vehicles to developing nations in Africa, south Asia and Latin America. "This is a 20-30 year mission to develop [clean] markets," he said. A recent report captured how China was already dominating the global clean energy market, pointing to billions of recent investments in renewables in countries such as Brazil, Egypt, Indonesia, Pakistan and Vietnam.
Xie, the Huanghe chairman, said his company was now making its first steps into Africa with solar and hydro projects under development in Ethiopia.

“We are actively going global,” he said, warning that the developing world could not copy the west’s dirty development model without bringing about “the destruction of the world”.
Geall said one indication of whether China was prepared to become the world’s premier climate leader would be if it was seen helping to finance more low-carbon projects beyond its own borders – such as a huge Chinese-built solar park in Pakistan.
“You’d hope to start seeing more of those sorts of projects around the world being financed … rather than [China being] just a source of cheap finance for dirty energy projects.”
Not all are convinced China is ready or even willing to become the world’s top climate leader in a post-Trump world. Zhang Junjie, an environmental expert from Duke Kunshan University, believed China would stick to its Paris commitments out of self-interest, particularly since the fight against global warming empowered its environmental agencies to crack down on toxic smog despite strong resistance from vested interests.
“[But] if China needs to do more, to commit more, I don’t expect that is likely,” Zhang added, noting that China wanted to be *a* climate leader but not *the* climate leader. “Leadership is not just power … it is responsibility.”
With China’s economy losing steam, Zhang said tightening regulations on greenhouse gas emissions further would inflict “major trouble” on its manufacturing sector. China’s clean industries were not sufficiently developed to provide jobs for all those who would be made unemployed as a result. “I would say, don’t count on [China to fill the gap left by the US],” he said. “China has its own troubles now.”
China’s push to develop renewables has not been entirely plain sailing either, with concerns about over-capacity, falling demand for electricity and curtailment, the amount of energy that is produced but fails to make it to the grid.
Hove said despite the rapid growth of the sector, wind still accounted for just 4% of China’s electricity last year and solar for about 1%. Government subsidies meant many of the biggest solar and wind parks had been built in “sub-optimal” locations such as Qinghai, Gansu and Xinjiang, far from the southern and eastern metropolises where the energy was most needed. Those behind the world’s largest solar park admitted obstacles such as energy wastage and transmission had yet to be overcome, but said there was no looking back as China forged ahead towards a low-carbon future.
“New energy is surely the future ... It’s hard to predict the future but I believe that solar energy will account for 50% of the total in 50 years,” said the engineer Gu. Xie said authorities in Qinghai were now so confident the future of China was green that they were planning two massive new solar parks on the Tibetan plateau, with the capacity to produce 4GW of power. In a sign of the central government’s support for the renewable revolution, Xi recently visited Xie’s company, urging staff to “make every reasonable effort to develop the PV industry”. Xie, who hosted the Chinese president, scoffed at Trump’s suggestion that climate change was a Chinese hoax and said such claims would do nothing to dampen his country’s enthusiasm for a low-carbon future.
“Even if President Trump doesn’t care about the climate, that’s America’s point of view,” he said. “The Chinese government will carry out and fulfil its international commitments as they always have done in the past, and as they are doing now in order to try to tackle climate change.
Xie concluded: “I don’t care what Mr Trump says – I don’t understand it and I don’t care about it. I think what he says is nonsense.”
Additional reporting by Wang Zhen