[Nihar/Daniel] and I negate Resolved: The European Union should join the Belt and Road Initiative (also known as the BRI).

https://www.ebrd.com/what-we-do/belt-and-road/overview.html European Bank for Research and Development **China’s Belt and Road Initiative (BRI)** (一带一路) **is a**n ambitious **programme to connect Asia with Africa and Europe via land and maritime networks**along six corridors with the aim of improving regional integration, increasing trade and stimulating economic growth. **The programme is expected to involve over US$1 trillion in investments, largely in infrastructure development for ports, roads, railways and airports**, as well as power plants and telecommunications networks. **The BRI**’sgeographical scope is constantly expanding. **so far it covers over 70 countries**, accounting for about 65 per cent of the world’s population and around one-third of the world’s Gross Domestic Product (GDP). At the same time, not all European countries are singing from the same hymn sheet. **[and] Roughly half of the EU’s twenty-eight member states** have already endorsed the BRI, with Italy being a recent example (though the actual terms of its BRI agreement were fairly watered down). Most of these are countries in Southern or Central and Eastern Europe who crave foreign infrastructure investment. But even wealthier Western European countries, such as the UK and France, who have not signed onto the BRI, still want a piece of the pie: the UK’s top finance official, Philip Hammond, praised the BRI’s “epic ambition” at the forum.

**However, joining this project would be a fatal mistake for the EU.**

# **Contention 1 is Upsetting the US**

**The Trump administration is opposed to the BRI and its members**

[Bresnick](https://newrepublic.com/article/153816/unintended-consequences-trumps-trade-war) writes for New Republic in 2019 Breaking with the forty-year history of constructive engagement with China, many of **Trump’s policies [are] appear to be aimed at confronting, and** perhaps even **containing Beijing**. Under the Indo-Pacific Strategy, Washington has stepped up naval patrols in the South China Sea. With regard to technology, the administration has enhanced governmental review of Chinese investments in and acquisitions of American companies, and is strengthening U.S. export controls. **The administration is** also **[by] pushing back on** China’s infrastructure investment in other countries, known as **the** Belt and Road Initiative **(BRI), [and] advocating that countries not participate** on the grounds that China ensnares developing nations in “debt traps.” Secretary of State Mike Pompeo has gone so far as to say governments should keep their “eyes wide open” when dealing with China.

**However, if the EU joins the BRI, the Trump Administration will retaliate**

[Subacchi of SCMP in 2019 finds that](https://www.scmp.com/comment/insight-opinion/united-states/article/3002657/cash-strapped-italy-eyes-chinas-belt-and-road) True, **the US has a track record of reprimanding allies when it thinks they get too close to China,** as the Obama administration did when Britain joined the AIIB in 2015. Back then, the US may have overplayed its concerns about the rise of China and the need for balanced governance of multilateral institutions. But American engagement then was constructive compared with today’s open US-China confrontation under Trump. “With us against China or with China against us” is Trump’s implicit message to Italy and the rest of the world. This does not bode well for a peaceful rebalancing of the global economic order. Italy would be wise to tread carefully.

#### **Europe must choose between China and the US on trade relations**

Jiangtao 19 SCMP Jiangtao, Shi. Former diplomat, reporter at the South China Morning Post with a focus on political development in China. “China or the US? Europe’s ‘impossible choice’ in the trade war.” *The South China Morning Post.* 29 May 2019.<https://www.scmp.com/news/china/diplomacy/article/3012205/china-or-us-europes-impossible-choice-trade-war> [Premier]

Growing tensions between China and the United States over the escalating trade dispute – and the resulting global uncertainty – are forcing other countries to choose between the two economic superpowers. **The [EU] European Union**, which is the world’s largest trading bloc and a top trading partner of both China and the US, **is in a difficult spot since** US President Donald **Trump’s decision to ratchet up pressure on Beijing** early this month – a move that included signing an executive order which effectively banned Chinese telecoms giant Huawei from accessing US supply chains. **“Europe is finding itself today in an extremely inconvenient position in which [means that] countries that seek to coexist with both China and the US are called to make an impossible choice and prove their allegiance to one of the parties over the other,”** said Gal Luft, co-director of the Institute for the Analysis of Global Security, a Washington-based think tank.

**This is why**

CHARLES **STEVENS 18** of the NSR (3-13-2018, "New Silk Road Project founder: Developments in Azerbaijan are significant", doa 10-11-2019, https://www.azernews.az/business/128676.html) NY

Q.: What would it mean **for Western European countries to join[ing] the [BRI] Belt and Road initiative**? Do you expect more countries to join it in future? A.: I think it would mark a great success for BRI as a strategy. With the UK leaving the European Union the economic region has had a jolt to its confidence. Whilst the EU does not have a united policy towards BRI some countries, particularly in Eastern Europe have been more receptive. This includes Belarus which is not formally part of the EU but participates in the EU’s Eastern Partnership. **It would signal a decisive shift in strategic direction and historic allegiances were Western European countries to align more closely with BRI.** China has been clever in presenting BRI as a development which is open for any countries to participate in – this includes the US.

DUESTERBERG April 5 2019. [Contextualizes https://foreignpolicy.com/2019/04/05/trans-atlantic-trade-is-headed-toward-disaster/](https://foreignpolicy.com/2019/04/05/trans-atlantic-trade-is-headed-toward-disaster/).

not help matters by constantly invoking the looming threat of tariffs. While his proposed auto tariffs are a bad idea, Trump’s frustration with Europe can certainly be understood. Congress could help by limiting the president’s power to use tariffs but needs to suggest alternatives to incentivize Europe to act. Failure to bridge differences in the dispute settlement problem and agree on broader WTO reform could result in the effective demise of this foundational part of global economic order. Unfortunately, **some EU leaders in recent weeks have further raised tensions by** promoting subsidized industries, as they did with Airbus and [contemplate doing](https://www.dw.com/en/german-and-french-ministers-issue-manifesto-for-european-industrial-policy/a-47591419) for artificial intelligence and electric batteries, in the guise of national champions; renewing an easy money policy that weakens the euro; siding with the Chinese mobile communications [powerhouse](https://foreignpolicy.com/2019/04/03/the-improbable-rise-of-huawei-5g-global-network-china/) Huawei in the dispute over 5G deployment; and **joining China’s** multibillion-dollar **Belt and Road Initiative. This may be enough to provoke Trump into pulling the trigger on** auto **tariffs and send the global economy into a tailspin.**

**Problematically**, [**Trigkas**](https://www.scmp.com/comment/insight-opinion/united-states/article/2153948/nato-and-china-summits-give-europe-chance) **SCMP 2019 warns that**

However coercive Trump has become, Europeans have no need to undo years of painstaking fiscal consolidation and spend big in building guns abroad when the threats at home are transnational and demand tailored security policies. Even Russia, often framed as an existential threat for Europe, is not defying the EU’s security by unleashing tank battalions. Instead, it is going hybrid – utilising misinformation and smart propaganda to exacerbate intra-European populism. Trump’s rage should inspire Europe to spend on strategy instead: to follow up on French President Emmanuel Macron’s security initiative; take the Permanent Structured Cooperation on steroids and move faster towards a fully fledged security union with its own information agencies and regional security agenda to protect borders; stabilise failed states across its periphery; and, ultimately, integrate the European defence industry into civil innovation, similar to the US Defence Advanced Research Projects Agency. In Beijing, EU leaders may have a seemingly easier task negotiating with the Chinese on trade but caution is always a wise counsellor. According to reports from the meeting of the vice-president of the European Commission, Jyrki Katainen, and Chinese Vice-Premier Liu He in June, the two sides are ready to present their detailed market access conditions by mid-July and reboot the dormant discussions on a bilateral investment treaty**. If negotiations accelerate and China and the EU reach an final accord** by the end of the year or early 2019, this would complicate US efforts to rebalance its economic relations with China**. It could push trigger-happy Trump to unleash tariffs against European exporters** at a moment when the EU has just found its economic pace**[concluding that] any benefits from an bilateral investment treaty with China may be undone by a full-scale transatlantic trade war and an utterly divided West.**

**A trade war would lead to economic devastation**

Goldstein writes for Marketwatch in 2018 there

[**https://www.marketwatch.com/story/why-a-major-trade-war-could-mean-a-full-blown-recession-2018-06-22**](https://www.marketwatch.com/story/why-a-major-trade-war-could-mean-a-full-blown-recession-2018-06-22)

What they call a temporary, one-deviation “uncertainty shock” would product a quick but modest drop in industrial production. But a larger, say, three-standard deviation shock would result in industrial production dropping by nearly 1% in the short term. If that uncertainty is maintained, there could be an abrupt slowdown. “Combined with a tariff shock, we see **a high probability that a major trade war would push the economy towards a full-blown recession,**” they say.

[vii] Harry **Bradford**, 4-5-2013, "Three Times The Population Of The U.S. Is At Risk Of Falling Into Poverty," **IMF**IMF**HuffPost**, <span class="skimlinks-unlinked">https://www.huffpost.com/entry/global-poverty-900-million-economic-shock\_n\_3022420</span>

Hundreds of millions of people worldwide are on the brink of poverty. A recent study by the International Monetary Fund warns **as many as 900 million people could fall back into poverty in the event of an economic shock like the Great Recession**.  figure is three times the size of the U.S. population. According to the World Bank, 1.2 billion people are currently living on less than $1.25 a day. While the report acknowledges progress has been to made to reduce global poverty and strengthen the world economy following the financial crisis, the world is still in a vulnerable situation. Global unemployment, for example, is the highest it’s been in two decades with 40 percent of the world’s population out of work, according to the report. And things could get much worse in the event of a macroeconomic shock, of which the Europe and U.S. are dangerously close. The recent bailout of Cyprus threw the eurozone into chaos, igniting fears the situation could lead to the next financial crisis. Here in the U.S., a series of automatic spending cuts know as the sequester could cost the economy hundreds of thousands of jobs. The cuts have already threatened the stability of safety nets designed to aid the nation’s poorest..

# **C2: Destroying the EU Economy**

**China has historically participated in unfair trade practices known as dumping**

**Christian**, 2-16-**2016 of the AALEP**, "THE CHINESE DUMPING REALITY," No Publication, <http://www.aalep.eu/chinese-dumping-reality>

Dumping from China is wiping out European jobs. European industry has already lost millions of manufacturing jobs to China. For instance, when China joined the WTO in 2001, millions of EU workers were employed in the textile sector. Now, China has an estimated 65 percent of the world's total textile production and European production has been decimated. Overall, China now makes and sells more manufactured goods than any other country, particularly steel. Driven by massive excess capacity more than twice the size of total EU steel demand, China has been dumping unprecedented volumes of steel into Europe. The EU steel sector has lost at least 85,000 jobs since 2008, over 20% of its workforce. Import volumes of steel from China into the EU have doubled in the past two years, with prices collapsing by about 40%. Steel is the backbone of many of Europe’s manufacturing and construction industries, providing direct and indirect employment to millions more European citizens. The list of vulnerable industries include steel , ceramics , glass , aluminium, bicycles and parts , solar panels and many others besides. These industries are at high risk due to the potential for large import surges in sectors where **China** has, or is developing, substantial excess production capacity. The country **has demonstrated past willingness to engage in** subsidies and the **massive dumping** of excess domestic production **at prices below cost.** China’s dumping undermines free and fair trade. **[Which means to] A company is ‘dumping’ if it is exporting a products** to the EU **at prices lower than the normal value of the product** (the domestic prices of the product or the cost of production) on its own domestic market. **The purpose of dumping is usually to** increase market share in a foreign market or **to driv[ing] out competition.**Chinese enterprises dump more products into Europe’s open market than any other country in the world. Indeed, 75% of all the EU's anti-dumping measures in force involve China. The European Commission has found China guilty of dumping 54 important products on the EU market at predatory prices. Furthermore, the EU is currently experiencing a rise in anti-circumvention proceedings where Chinese producers try to avoid anti-dumping measures illegally by exporting to Europe, via third countries such as Taiwan and Malaysia. The enormous EU-China trade deficit grows every year. China has dramatically increased exports to Europe by an average of 11% per year over the past fifteen years, rising from €75 billion in value in 2000 to €360 billion in 2015. Europe’s trade relationship with China is not balanced and is made worse by dumping. The trade deficit between the EU and China reached an all-time record high of €180 billion in 2015.

**However, Europe has taken steps to make sure that dumping doesn’t happen right now**

**Christian continues**, 2-16-**2016**, "THE CHINESE DUMPING REALITY," No Publication, <http://www.aalep.eu/chinese-dumping-reality>

**Current anti-dumping measures safeguard tens of thousands of direct and indirect jobs in Europe,** with thousands more in sectors or product types still undefended. Without the anti-dumping instruments currently available, up to 3.5 million jobs would be at risk from China’s unfair trading practices. Without effective anti-dumping measures the EU is only left with the anti-subsidy instrument, which has never been effective in the face of the distortions of the Chinese economy: it only allows action against specific subsidies and not against the subsidies which are generally available in China. To make things worse, in addition to the opaqueness of Chinese subsidy regimes, the Chinese government has never complied with the WTO obligation to report subsidies, nor has it ever cooperated with the European Commission in anti-subsidy investigations. Accordingly, the average subsidy rate found in Chinese cases is negligible, and entirely inadequate in redressing injuries to EU industry and easily absorbable by Chinese producers.

**But, if the EU were to join the BRI, many of these measures would no longer exist**

[**https://www.cnbc.com/2019/03/27/italys-joins-chinas-belt-and-road-initiative.html**](https://www.cnbc.com/2019/03/27/italys-joins-chinas-belt-and-road-initiative.html)

**MAR 27 2019, Holly Ellyatt for CNBC notes in 2019**

**The “Memorandum of Understanding” signed by China and Italy shows that they intend to** work together to develop Italy’s transport, logistics and port infrastructure, strengthen financial cooperation and **expand[s] “two-way” and “unimpeded” trade and investment**.

**In Africa, the effects have been devastating. After experiencing Chinese dumping, their textile industry collapsed, and**

Abu-Bakarr **Jalloh DW**, 5-30-2018, "Africa needs unified regulations against cheap Chinese imports," DW, https://www.dw.com/en/africa-needs-unified-regulations-against-cheap-chinese-imports/a-43981996

From electronic gadgets to stationery, from providing cheap skilled labor to exporting natural resources, China has Africa covered. "Interestingly, all kinds of school uniforms find their way here," said Ismail Bello, deputy secretary general of the National Union of Textile, Garment and Tailoring Workers of Nigeria. China's labor force is equipped with the know-how similar to most European nations. So arguably, **it is [now] cheaper for a primary school in Nigeria to import uniforms from China than to buy them from a local garment industry.**  "The Nigerian textile and garment industry is at its lowest ebb," Bello said. "In the 1960s, 70s and 80s, this industry thrived to an extent that it exported to the West African region, occasionally to East Africa. With the liberalization of the textile market in the 1990s and the influx of Chinese textiles, the industry began to decline." **"Local producers possibly have less than 15 percent of the market share [left]s. It has result[ing] in several [business] closures** **and loss of jobs** over the years," Bello said.

**In South East Asia, China is also dumping**

**Economic Times**. "US-China trade spat could lead to dumping of Chinese goods in emerging markets: India Ratings." **2019**. https://economictimes.indiatimes.com/small-biz/trade/exports/insights/us-china-trade-spat-could-lead-to-dumping-of-chinese-goods-in-emerging-markets-india-ratings/articleshow/69370835.cms //

Hence, **imports by other Asian [Emerging Markets]**EMs **from China grew 20.70% in 2018** versus 12.75% in 2010. This has been catalysed by the **[due to] Chinese manufacturers’ ability to undercut domestic manufacturers in these markets**, resulting in lower market share for the domestic players in the EMs, India Ratings observed.

**The impact is an industry collapse**

[**Dettmer**](https://www.voanews.com/europe/chinas-new-silk-road-may-hurt-italian-workers-analysts-say) **finds for VOA News in 2019 that**

Some Italian officials in the economy and finance ministry have also offered behind-the-scenes warnings. They argue that while engaging with Beijing in this manner may help boost Italian exports to China, a prospect highlighted by Xi in marketing BRI, it will likely result in a bigger boost for cheap Chinese exports to Italy.

"If trade does take off significantly, it might be a matter of short-term gain, but long-term pain," one official told VOA.

They say while **the BRI** may offer Italy new funding sources — the country is still lagging well behind the foreign investment levels it enjoyed before the 2008 global financial crash — it **could trigger a significant wave of Chinese imports, which would [cause]** have long-term detrimental consequences for Italian industry, [and] employment and politics. The officials in the country's finance ministry, who declined to be identified for this article, have been scrutinizing recent academic studies on the impact of Chinese imports on local labor markets. A series of studies, including those by economists David Autor, David Dorn and Gordon Hanson, suggests that Western countries and regions exposed to rising Chinese import competition see **a major jump in unemployment, lower labor force participation and lower wages**. Unskilled and manual workers are especially adversely affected. The impacts "are most visible in the local labor markets in which the industries exposed to foreign competition are concentrated. Adjustment in local labor markets is remarkably slow, **with wages** and labor force participation rates **remaining depressed and unemployment rates remaining elevated for at least a full decadeafter the China trade shock commences**. Exposed workers experience greater job churning and reduced lifetime income," noted Autor, Dorn and Hanson in a paper for the National Bureau of Economic Research, an influential U.S.-based nonprofit.

**Devastating the EU’s economy.**

**The list of vulnerable industries is substantial,**

**Christian**, 2-16-**2016**, "THE CHINESE DUMPING REALITY," No Publication, <http://www.aalep.eu/chinese-dumping-reality>

**Explains ranges from**

Dumping from China is wiping out European jobs. European industry has already lost millions of manufacturing jobs to China. For instance, when China joined the WTO in 2001, millions of EU workers were employed in the textile sector. Now, China has an estimated 65 percent of the world's total textile production and European production has been decimated. Overall, China now makes and sells more manufactured goods than any other country, particularly steel. Driven by massive excess capacity more than twice the size of total EU steel demand, China has been dumping unprecedented volumes of steel into Europe. The EU steel sector has lost at least 85,000 jobs since 2008, over 20% of its workforce. Import volumes of steel from China into the EU have doubled in the past two years, with prices collapsing by about 40%. Steel is the backbone of many of Europe’s manufacturing and construction industries, providing direct and indirect employment to millions more European citizens. **The list of vulnerable industriesinclude steel ceramics , glass , aluminium,  [to] bicycles and parts , [and] solar panels and many others besides**. These industries are at high risk due to the potential for large import surges in sectors where China has, or is developing, substantial excess production capacity. The country has demonstrated past willingness to engage in subsidies and the massive dumping of excess domestic production at prices below

**Concluding that**

Current anti-dumping measures safeguard tens of thousands of direct and indirect jobs in Europe, with thousands more in sectors or product types still undefended.**Without the anti-dumping instruments currently available, up to 3.5 millions of jobs would be at risk from China’s unfair trading practices**. Without effective anti-dumping measures the EU is only left with the anti-subsidy instrument, which has never been effective in the face of the distortions of the Chinese economy: it only allows action against specific subsidies and not against the subsidies which are generally available in China. To make things worse, in addition to the opaqueness of Chinese subsidy regimes, the Chinese government has never complied with the WTO obligation to report subsidies, nor has it ever cooperated with the European Commission in anti-subsidy investigations. Accordingly, the average subsidy rate found in Chinese cases is negligible, and entirely inadequate in redressing injuries to EU industry and easily absorbable by Chinese producers.

Negate.

# **C3: Deadly Cloud**

**Chinese tobacco companies are looking to expand.**

**Hefler** [**of the BMJ 2019**](https://blogs.bmj.com/tc/2019/08/01/china-tobacco-and-belt-and-road-initiative-the-new-go-global/)

**[Chinese national tobacco corporation] or CNTCs, are a key state-owned enterprise, has indicated willingness to be a leader in the [BRI] initiative** back in 2015, when then-director Ling Chengxing emphasised the importance of using the opportunity of “the national implementation of BRI…to accelerate industry’s ‘Go global’ development”. In 2017, BRI was officially adopted by the Chinese tobacco industry, as the State Tobacco Monopoly Administration issued a “Work plan on the tobacco industry participating in One Belt One Road to implement ‘Go Global’ development”.

**Specifically**, the Work plan calls for **market expansion [into] BRI countries** and support for the construction of off-shore production facilities. **BRI countries,** especially those in Central Asia and the Middle East, **are seen as [is] particularly attractive for market expansion, as they remain relatively underserved and not yet dominated by the transnational tobacco companies**. With these countries accounting for 54.1% of global tobacco sales, the potential for growth is enormous. In line with past statements, CNTC anticipates the introduction of its products via Chinese workers, who will no doubt be recruited to work on infrastructure projects, and an expected influx of Chinese tourists, especially as China flexes its soft power by negotiating more favourable visa requirements. According to industry statements, CNTC’s **market expansion is now focused on BRI’s emerging and growth markets,** and includes monitoring for investment and joint venture opportunities, and market development

The way these companies are looking to expand is through Mergers and Acquisitions

[**Fang of the NCBI in 2017 explains**](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5553430/)

Using indicators set out in Lee and Eckhardt ([2016](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5553430/#CIT0038)), and Lee et al. ([2016](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5553430/#CIT0039)), for which there is available data, CNTC appears poised to ‘go global’, but its global business strategy is unlikely to follow the pattern of existing[Transnational Tobacco Companies] TTCs. Most notable has been the domestic restructuring of the industry, as a whole, and of individual firms. There has been substantial consolidation, to transform a highly fragmented and inefficient industry, into fewer, larger and more competitive firms with clearer geographical (national, provincial and municipal), functional (manufacturing, sales and administration) and regulatory (central and provincial STMAs) delineation. Supported by favourable government policies and substantial resources, the restructured domestic industry has achieved greater economies of scale. Moreover, while consolidating to compete with TTCs, the Chinese industry has been reconfigured in ways that minimise competition among domestic firms. The resultant structure potentially dwarfs existing TTCs and serves as a springboard for globalisation.

Fourth, **CNTC** is a ‘strategic asset seeker’, as it **monitors foreign markets seeking investment opportunities for business growth through M&A.** The CNTC’s globalisation efforts are expected to intensify.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5553430/>

It is expected that CNTC will soon progress to M&As of small and medium-sized foreign tobacco companies, mimicking TTCs such as JTI and Imperial Tobacco (Qing, 2015). For example, there were negotiations between Hongta Group and Donskoy Tabak in 2012 for Hongta’s purchase of 0.5% share of Russia’s largest national tobacco manufacturer. This would permit entry of Hongta brands into the Russian market, produced and distributed by Donskoy Tabak (Anon, 2012). While negotiations appear to have been unsuccessful, industry analysts predict that **the CNTC’s ‘massive current account surplus built up over years means that no company is too large to be purchased for cash’** (Euromonitor, 2008), a sentiment echoed by others (The Economist, 2014).

**These acquisitions are crucial for CNTC to expand to new markets, as**

[**TobaccoAsia 2017**](https://www.tobaccoasia.com/features/belt-and-road-initiative-from-china-to-the-world/) **says**

The aforesaid efforts made by China’s tobacco industry prove that it has always been striving to “go global”. Presently, the domestic tobacco market is saturated, how to “go global” and realize development of international markets is what deserves the greatest attention. In this respect, **the tobacco industry of China,** however**, still seriously lacks pertinent** ideas**, experience, know-how,****and effective measure**s.Under the Belt and Road initiative, the endeavor of the industry to “go global” will be of even greater significance, while global markets will be able to offer China greater room for growth.

**But the EU gives them the experience needed to expand**

<https://cancercontrol.cancer.gov/brp/tcrb/monographs/21/docs/m21_12.pdf>

39,167CNTC is projected to achieve 50% of global market share by 2050. Currently, the company exports less than 1% of the 2.27 trillion cigarettes it produces,168 but observers have stated that CNTC aims to expand its international presence using a three-part strategy.163 First, CNTC will harness its production efficiency—factories that can produce 400 packs per minute—and export more cigarettes made in China.162 Second, it will establish production of Chinese brands abroad. The first factories are in Romania, Cambodia, Lao People’s Democratic Republic, and Myanmar.163 Third, it will license its brands for production and sale by other companies abroad.163 To implement this strategy, CNTC is recruiting support from other global tobacco companies: JTI, Imperial, and PMI. Under this arrangement, **multinational companies gain access to the Chinese market in exchange for their expertise in technology, management, marketing, and distribution**

**That’s why the TFK concludes that** https://www.tobaccofreekids.org/assets/global/pdfs/en/TI\_Profile\_China.pdf

Currently, less than 1% of the 2.27 trillion cigarettes produced by CNTC is exported each year.7CNTC hopes to increase its share of the global market, in part through strategic partnerships with transnational tobacco companies, such as PMI. The company leverages access to the Chinese market to build **such partnerships, giv[e]**ing**CNTC more channels to sell their products overseas in emerging markets such as Eastern Europe and Latin America**

**Fortunately, right now, protectionist measures have stopped these M&A’s**

[**Xu 19 of Deloitte**](https://www2.deloitte.com/insights/us/en/economy/asia-pacific/china-belt-and-road-initiative-update.html) writes Although Beijing’s capital controls and China’s mounting debt load crimped Chinese foreign investment last year, **heightened scrutiny by regulators of Chinese acquisitions—a move that has been criticized as antithetical to free market principles**—was a major factor behind the drop in investment, **with a large number of deals cancelled or blocked**

**However, joining the BRI would remove these protectionist measures**

[**Xu**](https://www2.deloitte.com/insights/us/en/economy/asia-pacific/china-belt-and-road-initiative-update.html) continues

**The removal of such protectionist measures is one of the core aims of the BRI.** It is therefore imperative that the Initiative **[If the BRI were to] extend** deeper **into** the more advanced countries of **Europe,** as **this should reverse the short-lived dip in Chinese investment into the continent,**16 especially as Chinese companies tighten their focus on choosing investments more judiciously.

**The impact is clouding the future of the developing world**

[**TobaccoAsia 2017**](https://www.tobaccoasia.com/features/belt-and-road-initiative-from-china-to-the-world/) **says**

Since the 1990s, the four leading transnational tobacco manufacturers, by means of mergers and acquisitions, realized global expansion and distribution in regions around the world except China, and have so far taken a 70% stake in the global cigarette market. Yet, **around the world, there are still cigarette markets to the tune of** 22 million cases **(110 billion cigarettes) yet to be developed,** and there are upstream and downstream markets in the industrial chain that need to be improved, in addition to rapid development of new types of tobacco products. All such developments mean potential favorable market opportunities for the Chinese tobacco industry to “go global”.

[**Nikogosian BMJ 2018**](https://blogs.bmj.com/bmj/2018/11/29/global-health-disruptors-the-belt-and-road-initiative/)

But there are also risks. From a public health point of view, **countries with weaker health systems may not be able to cope with the health effects of**such vast infrastructure projects, an influx of trade, and increased cross border movement, unless health protection and promotion is adequately embedded in the initiative’s agenda. There are also risks around the spread of infectious diseases in countries with lower vaccination rates, **freer supply of** products like **tobacco** and unhealthy food, and environmental and road safety concerns. Moreover, the rapid development of new infrastructures, without sufficient consideration of the effect on health, may escalate already existing health gaps. Risks will also be associated with macro effects, such as the level of protection by employment laws and the health effects of increased debt.

From a governance point of view, **the scarcity of international agreements specific to the Belt and Road Initiative may disrupt the expected positive effects on global health governance**.

[**University of Massachusetts 2007**](https://www.eurekalert.org/pub_releases/2007-07/uomm-ifj070307.php) **-Inhaling from just 1 cigarette can lead to nicotine addiction**

[**MedicalNews 2013**](https://www.medicalnewstoday.com/articles/261091.php)

**Death from all causes is at least 3X higher for smokers than for nonsmokers with at least two thirds of all deaths in smokers directly related to smoking**

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# **Frontlines**

## **C1**

**NY’s doc** [**https://docs.google.com/document/d/1VQOfsgd8lDso3tfGaY3vWylwmhH8qMKkKoVxBbAHhBo/edit**](https://docs.google.com/document/d/1VQOfsgd8lDso3tfGaY3vWylwmhH8qMKkKoVxBbAHhBo/edit)

**FL: Didn’t tariff Italy**

1. Trump’s still trying to play nice to convince the rest of the EU not to leave.
2. Its all or nothing - Because of the way the EU works as a single economic zone, you can’t tariff one member state without tariffing all of them. Otherwise Italy reroutes trades to france who trades with US for example which bypasses the tariffs.
3. Trump doesn’t want to pull the trigger on Italy alone because it isn’t significant enough, but the entire EU will leave him no choice (if france, germany, spain, UK, etc join). The entire EU joining would be a historic shift in alliances and make a much bigger impact - that’s Stevens from case.

**FL: EU will retaliate/Hurts Jobs**

1. If Trump really cared about econ harms he wouldn’t have started the trade war with China in the first place. Instead:
   1. He’s election driven. Harwood 19 CNBC - In 2016, Trump won Rust Belt battlegrounds by promising to fight the scourge of unfair competition from China and other countries. This lets him continue that bluster/story.
   2. Wingrove quoting trump from 9/4 (bloomberg)- he sees it as a necessary sacrifice (Trump literally says the stock market would be 10k points higher w/out China TW, but “somebody had to do this”
   3. He’s stuck: Krugman in NYT explains that Trump is unusually stubborn and doesn’t want to admit defeat so he’s doubling down.
   4. Associated Press 10/18 - Trump is confident that he will win because of the trade imbalance between US and EU

**FL: Trump needs independents/moderates**

1. Rapoza 18 - 30% of independents supported chinese tariffs in 2018 but he did it anyways - clearly not a big decision maker

**FL: US-China Deal**

1. **Swanson NYT 10/16-** means little, doesnt remove us-china tariffs, he’s still considering additional tariffs on EU as of Wednesday the 16th.
2. **Heeb Business Insider 10/18 -** china requires the US to remove tariffs before they commit to any deal - that hasn’t happened yet at all

**FL: Will tariff EU anyways (already did, alternate causes)**

1. Reuters 10/17 quoting Mnuchin - Airbus tariffs are a very isolated case and Trump does not plan on imposing broader tariffs yet
2. Current tariffs are 7.5 bil, auto tariffs are 47 billion ([CNBC](https://www.reuters.com/article/us-usa-trade-eu/after-trump-hikes-china-tariffs-europe-girds-for-battle-over-cars-idUSKCN1SG1JJ))
3. Not a monumental collapse in relations right now so scale of retaliation is much more limited.
4. Doesn’t trigger recession impact: **Marx CNBC 10/16** European commission doesn’t want to counter tariff, prefers negotiations.

**FL: Recession inevitable**

1. More Prob: Recession is now guaranteed
2. Trade war makes recessions much worse - it’s impossible to recover if you can’t stimulate growth through trade plus it destroys consumer confidence

**FL: US Invests more in response/BUILD Act - need better responses here**

1. OECD 2018- US investment decreased in 2018, clearly it isn’t trying to supplant China’s role as an investor. Historical investment trends don’t match: when China increases, US doesn’t always match.
2. This is a bad thing **Caycedo of Yale 18** says this is for 2 reasons
   1. Causes unsustainable resource use which damages long term and causes pollution
   2. Economic policies made favor the investor, not the nation itself. Caycedo concludes without FDI they would’ve made better policies that helped growth more on net.

**FL: WTO collapse**

1. Really just a formality anyways - he violated the WTO on chinese sanctions

**FL: Trump won’t tariff due to elections**

1. Trump wants to tariff because he thinks it’ll mobilize his base
2. He’s doing it with China and it’s getting awfully close to the election - he can just paint them as a bogeyman
3. Distraction from impeachment - pretend to solve it later to make him look good
4. See **FL: EU will retaliate/Hurts Jobs**

**FL: Trump has no power**

1. **NPR 19 -** International Emergency Economic Powers Act gives him the powers

Rapoza 18 <https://www.forbes.com/sites/kenrapoza/2018/03/07/trumps-tariffs-get-little-support-among-public/#543039e816cf>

A majority of Republicans -- 65% -- supported tariffs, compared to only 31% of Independents and 24% of Democrats.

Heeb Business Insider 10/18 <https://markets.businessinsider.com/news/stocks/china-says-us-trump-must-lift-tariffs-before-trade-deal-2019-10-1028608303>

China said on Thursday that it expected the US to remove all tariffs on its products as part of any final trade agreement.

That cast another layer of uncertainty on trade progress announced by President Donald Trump last week.

China has been slow to confirm details of key parts of the partial agreement with the US, which has not yet been put on paper.

Reuters 10/17 quoting Mnuchin <https://www.euractiv.com/section/global-europe/news/trump-tells-italy-get-rid-of-eu-burden-and-i-will-give-you-tariff-discount/>

Trump said **Washington aimed to avoid broader tariffs for now.** “I could solve the problem instantly but it would be too harsh. It would involve tariffs on European products coming into this country and for right now we’re going to try to do it without that,” he said. US Treasury Secretary Steven Mnuchin also struck an upbeat tone, telling reporters **the Airbus case was a “specific situation,” but imposing broader tariffs against the EU was “not the focus at the moment.”** He said Washington’s top priorities were finalizing a trade agreement with China and ensuring congressional passage of a US-Mexico-Canada trade deal, omitting mention of Europe.

CNBC 10/16 Willem Marx

<https://www.cnbc.com/2019/10/16/useu-trade-war-puts-world-straight-into-a-recession-itc-chief-says.html>

U.S. tariffs on $7.5 billion worth of European products are currently scheduled to take effect on Friday Oct. 18, after World Trade Organisation (WTO) arbitrators authorized the U.S. to take countermeasures against the EU to remedy decades of illegal government subsidies to the aircraft manufacturer Airbus. **The European Commission, which oversees trade policy for the EU, has repeatedly said that it would like to enter negotiations with the United States to settle the dispute, without resorting to tariffs.**

Swanson NYT 10/16 <https://www.nytimes.com/2019/10/16/business/china-trade-deal-economy.html>

Trump’s China Deal Leaves the Global Economy as Uncertain as Ever

A trade truce with China has done little to reduce the uncertainty that threatens the global economy

WASHINGTON — President Trump’s trade truce with China may have temporarily cooled tensions between the world’s two largest economies. But the damage from Mr. Trump’s aggressive approach to trade policy will continue to weigh on the global economy.

On Wednesday, Mr. Trump dangled the possibility of additional tariffs on the European Union if the bloc is unwilling to reduce the trade imbalance between the United States and the E.U.

The “agreement in principle” with China — which has yet to be finalized — would not roll back the hundreds of billions of dollars of tariffs that China and America have placed on each others’ products. Mr. Trump is also escalating his trade fight on other fronts, including slapping higher tariffs on Turkey and preparing to tax $7.5 billion worth of wine, cheese, aircraft and other European goods on Friday. His administration will decide next month whether to impose tariffs on cars imported from Europe and other countries

“I could solve the problem instantly, but it would be too hard. It’d be too harsh. It would involve tariffs on European products coming into this country. And for right now, we’re going to try and do it without that. But that would solve the problem instantly because the United States is not being treated fairly,” Mr. Trump said during a news conference with the Italian president.

Associated Press https://businessmirror.com.ph/2019/10/18/trump-boasts-that-us-would-win-tariff-war-with-europe/

WASHINGTON—President Donald J. Trump voiced confidence on Wednesday that the United States could not lose a tariff war with the European Union as the US prepares to impose trade sanctions on up to $7.5 billion worth of EU goods.

Josh Wingrove, 9-4-2019, "Trump Says Dow Would Be 10,000 Points Higher Without Trade War," Bloomberg, https://www.bloomberg.com/news/articles/2019-09-04/trump-says-dow-would-be-10-000-points-higher-without-trade-war

**Donald Trump said his trade war with China has hurt the performance of the U.S. stock market, but that he had to confront the country’s economic practices. “Let me tell you, if I wanted to do nothing with China, our stock market, our stock market would be 10,000 points higher than it is right now but somebody had to do this,” the president told reporters at the White House on Wednesday.** “It was out of control and they were out of control.”

May 31,, 5-31-2019, "What A President Can Do Under The International Emergency Economic Powers Act," NPR.org, https://www.npr.org/2019/05/31/728754901/what-a-president-can-do-under-the-international-emergency-economic-powers-act

Abu-Bakarr Jalloh, 5-30-2018, "Africa needs unified regulations against cheap Chinese imports," DW, https://www.dw.com/en/africa-needs-unified-regulations-against-cheap-chinese-imports/a-43981996

From electronic gadgets to stationery, from providing cheap skilled labor to exporting natural resources, China has Africa covered. "Interestingly, all kinds of school uniforms find their way here," said Ismail Bello, deputy secretary general of the National Union of Textile, Garment and Tailoring Workers of Nigeria. China's labor force is equipped with the know-how similar to most European nations. So arguably, it is cheaper for a primary school in Nigeria to import uniforms from China than to buy them from a local garment industry. "The Nigerian textile and garment industry is at its lowest ebb," Bello said. "In the 1960s, 70s and 80s, this industry thrived to an extent that it exported to the West African region, occasionally to East Africa. With the liberalization of the textile market in the 1990s and the influx of Chinese textiles, the industry began to decline." "Local producers possibly have less than 15 percent of the market shares. It has resulted in several closures and loss of jobs over the years," Bello said.

Paul Krugman, 8-3-2019, "Opinion," NYT, https://www.nytimes.com/2019/08/03/opinion/trumps-trade-quagmire-wonkish.html

Well, here’s my thought**: Trump’s trade war is looking more and more like a classic policy quagmire. It’s not working — that is, it isn’t at all delivering the results Trump wants. But he’s even less willing than the average politician to admit to a mistake, so he keeps doing even more of what’s not working**. And if you extrapolate based on that insight, the implications for the U.S. and world economies are starting to get pretty scary.

**So what will Trump do next? My guess is that instead of rethinking, he’ll escalate, which he can do on several fronts**. He can push those China tariffs even higher. He can try to deal with trade diversion by expanding the trade war to include more countries (good morning, Vietnam!).

John Harwood, 8-14-2019, “Trump will have a harder time turning things around as the China trade war drags on,” CNBC, <https://www.cnbc.com/2019/08/14/trump-will-have-hard-time-turning-things-around-as-china-trade-war-drags-on.html>

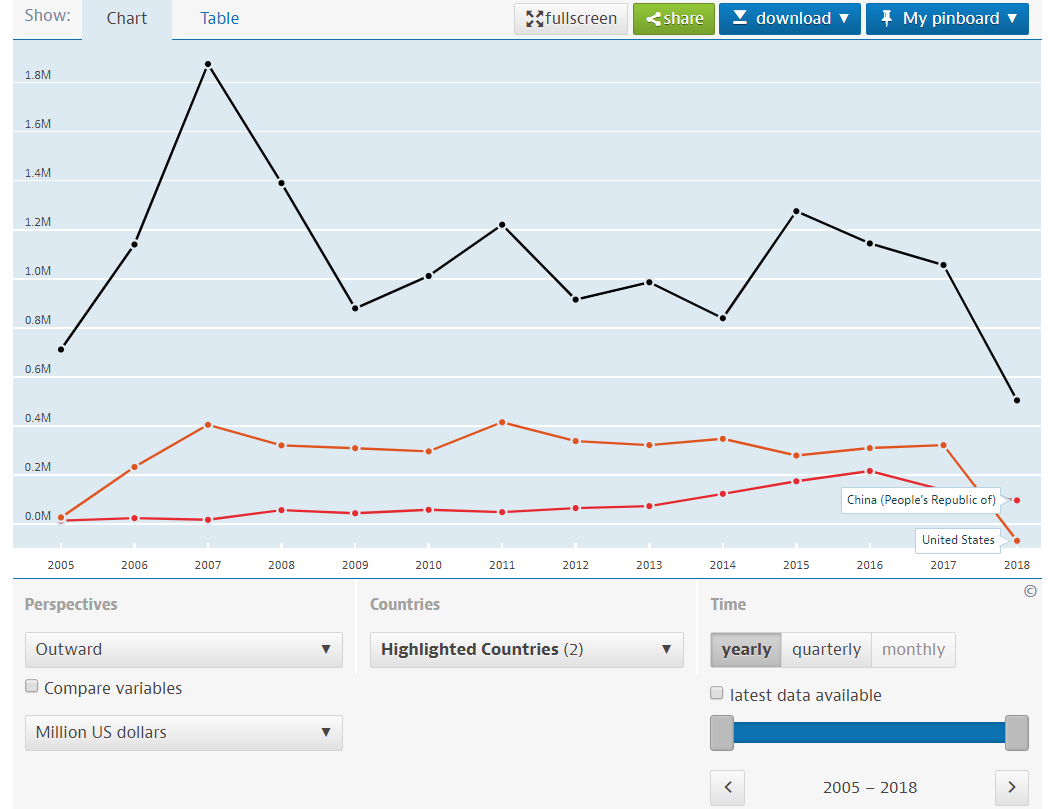
Trump pushed the Dow up nearly 400 points on Tuesday with a simple announcement: His administration will postpone additional tariffs on Chinese imports that would have hiked prices on popular consumer goods. The threat of those tariffs had helped drive markets down nearly 400 points on Monday. A wave of relief swept through corporate America, which had warned the tariffs might trigger a recession. **No president wants to face voters in an economic downturn. But if that were Trump’s only concern, he never would have pursued his haphazard trade policy in the first place. I**t isn’t his only concern, which means Tuesday won’t mark the final turn in Wall Street’s trade roller coaster. The business community and its campaign donations represent vital Republican assets. The top priority of corporate executives — the December 2017 tax-cut — stands as the only major legislative accomplishment Trump and the GOP Congress delivered.  **But for its votes, the 21st century GOP increasingly depends on working-class whites without big stock portfolios or high tax liabilities. Instead of material benefits, Trump offers those voters the emotional satisfaction of giving voice to their fears and frustrations. His bombast** on an immigrant “invasion,” and harsh border policies in the name of stopping it, **serve that purpose. So does his bluster on trade. In 2016, Trump won Rust Belt battlegrounds by promising to fight the scourge of unfair competition from China and other countries.** “This American carnage stops right here,” he declared in his 2017 inaugural.  **It has not stopped. But tariffs, which Trump can impose without the consent of Congress, let him portray himself as punching back toward that goal.** Tariff punches have hurt China by dampening demand for its exports. They have also hurt Trump’s own supporters, especially in agricultural states whose farm exports China has stopped buying.

https://www.politico.eu/article/europe-braces-for-trump-trade-war/

The outlook is grim, according to Gary Hufbauer, a senior fellow with the Washington-based Peterson Institute for International Economics: "Trump firmly believes — and has convinced many Americans — that the U.S. has been taken advantage of all these years, and that Europe should make unilateral concessions," he said.

[OECD 2018](https://www.oecd.org/investment/investment-policy/FDI-in-Figures-July-2018.pdf) **(DL)**

In the first quarter of 2018, global FDI outflows fell to USD 136 billion from USD 242 billion in the previous quarter. This precipitous drop was largely due to a switch to negative outward FDI from the United States. **US outward FDI fell to USD -145 billion, registering negative for the first time since the fourth quarter of 2005.** This change was due to large repatriations of earnings by US parent companies from their foreign affiliates, resulting in large, negative reinvested earnings (Figure 1).



[**Caycedo of Yale 2018**](https://environment-review.yale.edu/foreign-direct-investment-developing-countries-blessing-or-curse)

**The researchers found that annual increases in FDI enhance the depletion of energy, forest and mineral resources in developing countries. This finding suggests that FDI can promote unsustainable resource use. It also implies that FDI allows supply chains to expand by turning developing countries into “supply depots.” To make matters worse, more resource depletion means more ecological addition in the form of pollution and waste.** The researchers relate this phenomenon to the “treadmill of production” theory, which describes how the globally expanding economy promotes resource depletion and pollution. **Developing nations are left to deal with the consequences of the production treadmill, while wealthy nations can continue to enjoy high levels of consumption.**

Foreign direct investment was also found to enhance the dependency on income generated from the forest and mineral sector. In other words, **increases in FDI make developing countries more dependent on the depletion of natural resources to keep their economy running.** The authors describe a positive feedback loop: FDI increases, leading to financial dependence and resource depletion, which in return enhances FDI as the natural resource sectors grow. In addition**, the developing nation may be forced to steer economic policy in the direction that suits the investing nation. This could hinder the developing nation from making decisions that are the most beneficial for economic development.** Thus, FDI might not be the engine of growth it is often assumed to be.

## **C2**

**FL: Can’t quant**

1. **Christian -** 3.5 mil jobs

**FL: China won’t dump**

1. Jarroh DW 18 (in case) - china dumping in Africa
2. Prob dumping all over the place

**FL: EU exports are increasing/EU net benefits**

1. Shorterm: Major industry overlaps, like manufacturing, are still being undermined, net harms worse
2. Longterm: [Autor NBER 16] After China import shocks, wages/employment depressed for a decade MIN, no downstream employment offset
3. Longterm: [GMF 1-16] As China econ continues to develop, it becomes less dependent on tech from EU, meaning EU exports don’t stay high for long

**FL: Solves Overproduction (cards in danny doc)**

1. [Forbes Jan 17] China steel overproduction is bc of govt policies - those need to change in order for the aff to solve overcapacity
   1. [Brun 16] In order to solve you need:
      1. Remove incentives (subsidies and tax breaks) for production
      2. Remove exit barriers to allow unprofitable (anti-closing laws, state-maintained employment levels, pension/labor costs, demolition costs)
2. T/[Levitsky , Latvijas Ārpolitikas Institūts 18 ] Turn - BRI increases the incentive to produce since it opens new markets to steel production - worsening the overproduction problem
3. **Smith Bloomberg 19-** China has unique control over their econ that allows them to stop recessions by controlling capital flow, it’s stopped recession for the last 3 decades.
4. **Reuters 18-** China cut production 30 million tons already

**FL: China’s solving overcap already**

1. No theres always a financial incentive to screw over markets

**FL: Africa has no FTA**

**FL: EU anti-dumping policies**

1. Have to go away as part of FTAs

**FL: EU reforms BRI to stop it / leverage**

**FL: Historically no FTA’s with EU countries in BRI**

**FL: Why hasn’t italy manifested**

**FL: Politicians are against recession**

**http://www.europarl.europa.eu/RegData/etudes/STUD/2018/570493/EXPO\_STU(2018)570493\_EN.pdf**

On 3 October 2017, the European Parliament and the Council reached agreement on the Commission's proposal on the new methodology for calculating anti-dumping and anti-subsidy margin for imports coming from countries where there are significant market distortions or where the state has a pervasive influence over the economy. The revised legislation entered into force on 20 December 2017, and the new methodology can apply to any WTO member.**Given that investigations and measures against China account for the largest proportion of the EU's anti-dumping investigations and trade defence measures, the Commission published a report on state induced distortions existing in China20 December 2017. In 2017, the EC initiated three new anti-dumping investigations and two anti-subsidy investigations against products originating from China**

<https://www.nber.org/papers/w21906.pdf>

Autor 16

**China’s** emergence as a great economic power has induced an epochal shift in patterns of world trade.Simultaneously, it **has challenged much of the received empirical wisdom about how labor markets adjust to trade shocks**. Alongside the heralded consumer benefits of expanded trade are substantial adjustment costs and distributional consequences. These impacts are most visible in the local labor markets in which the industries exposed to foreign competition are concentrated. **Adjustment in local labor markets is remarkably slow, with wages and labor-force participation rates remaining depressed and unemployment rates remaining elevated for at least a full decade after the China trade shock commences**.Exposed workers experience greater job churning and reduced lifetime income. **At the national level,employment has fallen in U.S. industries more exposed to import competition, as expected, but offsetting employment gains in other industries have yet to materialize.** Better understanding when and where trade is costly, and how and why it may be beneficial, are key items on the research agenda for trade and labor economists

January 21,, 1-21-2016, "How Economic Dependence Could Undermine Europe’s Foreign Policy Coherence," German Marshall Fund of the United States, <http://www.gmfus.org/publications/how-economic-dependence-could-undermine-europes-foreign-policy-coherence>

Europeans have tended to focus on the gains from economic interdependence with China and ignore the implications for the power relations between themselves and China. However, it is going to become increasingly too difficult to ignore these implications as the economic interdependence between China and Europe is likely to become more asymmetric over time. **As the Chinese economy continues to develop, it is likely to become less dependent on technology from EU member states. As it seeks to shift its economy from exports toward greater domestic consumption, it is also likely to become less dependent on exports to Europe for economic growth. Meanwhile, as EU member states become more dependent on China as an export market and as a source of investment, interdependence will increasingly become dependence, which could translate into both direct and indirect forms of leverage.**

https://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.103.6.2121

Our preferred specification with full controls in column 6 of Table 3 implies that a $1,000 per worker increase in import exposure over a decade reduces manufactur-ing employment per working-age population by 0.596 percentage points. Appendix Table 2 shows that **Chinese import exposure rose** by $1,140 per worker between 1990 and 2000 and by **an additional $1,839 per worker in the seven years between 2000 and 2007**.30 Applying these values to the Table 3 estimates, we calculate that rising Chinese import exposure reduced US manufacturing employment per popula-tion by 0.68 percentage points in the first decade of our sample and 1.10 percent-age points in the second decade of our sample. In comparison, US manufacturing employment per population fell by 2.07 percentage points between 1990 and 2000 and by 2.00 percentage points between 2000 and 2007 (Appendix Table 2). Hence, we estimate that rising exposure to Chinese import competition explains 33 percent of the US manufacturing employment decline between 1990 and 2000**, 55 percent of the decline between 2000 and 2007, and 44 percent of the decline for the full 1990 through 2007 period**

<https://ec.europa.eu/trade/policy/countries-and-regions/countries/china/>

EU’s main imports from China are industrial and consumer goods, **machinery and equipment**, and footwear and clothing

EU main exports to China are: **machinery and equipment**, motor vehicles, aircraft, and chemicals

### **F2: Dumping is Limited**

**Christian**, 2-16-**2016**, "THE CHINESE DUMPING REALITY," No Publication, <http://www.aalep.eu/chinese-dumping-reality>

Dumping from China is wiping out European jobs. European industry has already lost millions of manufacturing jobs to China. For instance, when China joined the WTO in 2001, millions of EU workers were employed in the textile sector. Now, China has an estimated 65 percent of the world's total textile production and European production has been decimated. Overall, China now makes and sells more manufactured goods than any other country, particularly steel. Driven by massive excess capacity more than twice the size of total EU steel demand, China has been dumping unprecedented volumes of steel into Europe. The EU steel sector has lost at least 85,000 jobs since 2008, over 20% of its workforce. Import volumes of steel from China into the EU have doubled in the past two years, with prices collapsing by about 40%. Steel is the backbone of many of Europe’s manufacturing and construction industries, providing direct and indirect employment to millions more European citizens. **The list of vulnerable industries include steel , ceramics , glass , aluminium, bicycles and parts , solar panels and many others besides**. These industries are at high risk due to the potential for large import surges in sectors where China has, or is developing, substantial excess production capacity. The country has demonstrated past willingness to engage in subsidies and the massive dumping of excess domestic production at prices below

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### **F2: EU will pass policies to stop Chinese Dumping**

Holland <https://www.scmp.com/week-asia/opinion/article/3005986/europe-chinas-economic-cold-war-west-over-its-begun>

**The truth is that Europe is too exposed, has too much to lose, and is too fragmented to present an effectively assertive front to China over bilateral economic affairs.**

**With the EU’s largest economies prevented by the strictures of euro zone membership from juicing up their domestic demand with tax cuts or additional government spending, in recent years the EU has been heavily reliant on exports to Asia, and China in particular, to prop up its growth.**

#### **BRI encourages internal competition for Chinese cash**

**MALGORZATA JAKIMOW 17 of the University of Sheffield** (Lecturer in Chinese Politics, School of East Asian Studies, University of Sheffield, 7-10-2017, "Is China's Belt and Road Initiative dividing Europe?", doa 10-8-2019, <http://speri.dept.shef.ac.uk/2017/07/10/is-chinas-belt-and-road-initiative-dividing-europe/)>

**Whereas the 16+1 initiative was presented as a unifying force for the region, the reality is that it’s encouraging European countries to directly compete for Chinese cash. China has embraced this state of affairs, changed the Belt and Road’s routes and plans many times already, often to suit a higher or more loyal bidder.**

After Lithuania and Estonia welcomed the Dalai Lama in 2011, China offered its Baltic investment to a more “politically correct” Latvia. Likewise, when Poland hesitated to accept Chinese investments due to security concerns the same opportunities were snapped up by its neighbours. **This sort of “China-courting” doesn’t just affect the balance of investment, but also the coherence of the EU’s values and foreign policy.**

Some analysts, for instance, have shown how **Chinese enterprises’ economic power translates into political influence at the highest levels of the Czech government. Hungary’s vocal support for recognition of China as a market economy stands at odds with the EU common trade policy**, and its president’s praise for the illiberal China model goes against core European values.

For its part, China has done much to calm the EU’s anxieties about its motives, insisting that it would prefer Europe strong and united and contributing to various European projects rather than competing with them. Nonetheless, while the EU urgently needs a common policy towards China, many EU states clearly think they’ll do better if they form their own bilateral ties with Beijing. Why?

## **C3**

**FL: Other Countries/MTC can globalize**

1. [Economist 7/14] Tobacco globalization is held back by China
   1. Case - China hold a huge market share, hard to expand w/out their money

**FL: Altria-PMI Merger**

1. [9/25/19 CNBC] PMI merger discussions with Altria have ended.

**FL: Altria-PMI partnership in IQOS**

1. [9/25/19 CNBC] Global data, based on four years of use, show that IQOS is not significantly appealing to youth or to nonsmokers.

**FL: Protectionism/Mergers not removed**

1. Xu from case is hella explicit:
   1. Removal of protectionism is core aim of BRI - no substance to debate if the aff gets to pick which parts of the BRI they like and which they don’t
   2. It literally says that BRI in advanced EU countries would reverse the dip in investment

[**https://markets.businessinsider.com/news/stocks/philip-morris-international-inc-and-altria-group-inc-end-merger-discussions-1028551884**](https://markets.businessinsider.com/news/stocks/philip-morris-international-inc-and-altria-group-inc-end-merger-discussions-1028551884)

**Philip Morris International Inc. (PMI) (NYSE: PM) today announced that merger discussions with Altria Group, Inc. (Altria) (NYSE: MO) have ended.**

André Calantzopoulos, CEO of PMI, said: "After much deliberation, the companies have agreed to focus on launching IQOS in the U.S. as part of their mutual interest to achieve a smoke-free future.”

IQOS is the only heated tobacco product with premarket authorization (including two menthol variants) from the U.S. FDA, which followed the Agency’s rigorous science-based review, leading it to determine that authorizing the product for sale in the U.S. is appropriate for the protection of the public health. IQOS is not an e-vapor product. PMI submitted a comprehensive body of scientific evidence in support of this premarket authorization and of the parallel applications for IQOS as a "Modified Risk Tobacco Product,” which the FDA continues to review.

**Global data, based on four years of use, show that IQOS is not significantly appealing to youth or to nonsmokers.**

<https://www.economist.com/business/2014/07/19/an-irresistible-urge-to-merge>

**The main holdout against tobacco globalisation is now China**, which accounts for about 40% of the cigarettes smoked, almost all of them sold by state-owned China Tobacco. Erik Bloomquist, an analyst at Berenberg, a bank, thinks **the Chinese giant could someday acquire one of the big international firms. A deal like that would probably be the last gasp in the round of tobacco consolidation.**

<https://www.cnbc.com/2019/06/11/eu-regulators-block-thyssenkrupp-tata-steel-joint-venture.html>

EU antitrust regulators blocked on Tuesday a bid by Thyssenkrupp and Tata Steel to form a landmark joint venture, saying the deal would have pushed up prices and reduced competition.

The European Commission said concessions offered by the companies were not adequate while imports from third countries would not be able to offset price hikes resulting from the deal.

Last month, Thyssenkrupp and Tata Steel said the deal would be rejected by EU competition enforcers after they declined to offer further concessions to address regulators’ concerns.

### **F2: M&As Happening Now**

1. Merics 2018, it declined in 2018. Xu is explicit that it goes back up when protectionist measures are gone
2. It’s small M&A that regulators dont care about, not multinat acquisitions

<https://www.merics.org/en/papers-on-china/chinese-fdi-in-europe-2018>

Chinese foreign direct investment (FDI) in the European Union (EU) continued to decline in 2018. Chinese firms completed FDI transactions worth EUR 17.3 billion, which represents a decline of 40 percent from 2017 levels and over 50 percent from the 2016 peak of EUR 37 billion. This decline is very much in line with a further drop in China’s global outbound FDI, a trend that can be attributed to continued capital controls and tightening of liquidity in China as well as growing regulatory scrutiny in host economies.

### **F2: Export Screening stops it**

<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3338561>

With the rapidly unfolding China’s Belt and Road Initiative (BRI) and the ongoing reform of the State-owned enterprises (SOEs), the number of overseas acquisitions by the Chinese SOEs in various industrial and services sectors is gradually on the rise. These transactions have raised a number of questions in terms of the assessment of the economic concentrations’ potential impact on competition and challenged the traditional assessment tools employed by the merger control regimes. The paper examines the evolving experience of Chinese SOEs’ acquisitions in the European Union (EU), which are subject to ex ante assessment under both EU and national merger control regimes. The analysis of the merger assessment practice of the EU Commission culminating in the recent conditional approval of the ChemChina/Syngenta merger indicates that the traditional assessment tools, when applied to the acquisitions by Chinese SOEs, may no longer be adequate to grasp the essence of their corporate governance and decision-making. The review of the merger control practice of the national competition authorities (NCAs) also demonstrates the absence of a coherent assessment approach to the cases involving Chinese SOEs, which may lead to the inconsistent enforcement and strengthening of the foreign investment screening on grounds other than market competition.

#### **Digital Emerging Tech Transfer is a national security risk**

<https://thediplomat.com/2019/10/europes-next-move-and-the-us-china-standoff/>

The U.S. call for an export control regime tailored to omni-use technologies will impact trading nations with a strong focus on high-technology sectors most drastically. Regulations that will follow from this process will have great implications for the operations of global companies with U.S. headquarters. In fact, the impact extends beyond U.S. borders, because of the extraterritorial jurisdiction of U.S. law. This means that foreign products containing more than 25 percent of U.S. material may require a re-export license from the United States. For one, the Netherlands – home to leading companies in emerging technologies, including semiconductors, photonics and quantum technology – will be deeply affected by such regulations as they operate both on the United States and the Chinese markets. **The Dutch government and the EU share the United States’ concerns about the proliferation of non-Western norms and standards through emerging technologies. They do not, however, wish to use export control as a political instrument to curb China’s rise as a technological power.**

#### The second category that governments may wish to control i**s emerging technologies.** **These are increasingly digital technologies that can be transferred between countries without physically crossing national borders, thereby bypassing the customs authorities that are normally tasked with dual-use export control. Adding to the regulatory challenge is the fact that, more so than traditional “dual-use” technologies, emerging technologies could be used for a range of purposes simultaneously, from improvements in healthcare and infrastructure to exceptionally efficient surveillance and military operations**. Moreover, emerging technologies are integrated at all levels of society, especially amid the increasing convergence of software and information flows, making them also omnipresent in society. One can, therefore, speak about the “omni-use” of technologies rather than a clear dual-use.

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#### **EU Export screening restrictions are worthless - can’t protect their tech**

https://securingdemocracy.gmfus.org/eu-foreign-investment-screening-at-last-a-start/

**The new regulation establishes a screening framework that is binding on member states, but its content has been significantly watered down** from what was initially envisaged as a result of these internal debates. Except for foreign investment pertaining to projects of “union interest” (such as the European satellite navigation system Galileo)**, the Commission can only issue opinions at the request of a member state. In addition, its opinions are non-binding. This means that member states have the final say on approving a foreign acquisition, even when the investment touches on projects of union interest.** Since the European Commission was granted only limited powers under the regulation, the EU must still rely on each member state to set up its own national investment-screening mechanism in order to defend effectively the union from politically motivated acquisitions. And the decision to do so rests entirely with member states. To improve expertise sharing and coordination between member states, the regulation does require them to issue yearly reports about foreign investment in their territories and about the application of their screening mechanisms, when applicable. The regulation also lays out criteria all national screening mechanisms must respect. As of July, 15 member states had some form of investment screening in place, with Sweden about to follow suit. Not only does **that leave close to half of the EU without any form of [screening] mechanism in the works, all existing ones are not equally effective.**For instance, only foreign investment in the energy sector is subject to scrutiny in the Netherlands. In Hungary, a seemingly strict screening process may be undermined by a lack of political will. Considering that in March 2019 the country’s parliament granted de facto diplomatic immunity to a Russian bank strongly suspected of conducting intelligence operations in Europe, there is ground to question the extent to which Hungary’s government will make use of the large discretion the screening mechanism affords it.

# Extra Cards:

## Tariffs

## Dumping

**Controls link into econ growth/employment**

[**Luck 18**](https://www.entrepreneur.com/article/322163) **of Entrepreneur**

With[**99 percent of businesses in the EU**](http://www.europarl.europa.eu/factsheets/en/sheet/63/small-and-medium-sized-enterprises) **falling under the "small business" umbrella, it is often considered that small businesses are the backbone of the economy.** As **such businesses provide** [**two-thirds of private sector jobs**](http://www.europarl.europa.eu/factsheets/en/sheet/63/small-and-medium-sized-enterprises) **across the continent and** [**contribute more than half of the total value**](http://www.europarl.europa.eu/factsheets/en/sheet/63/small-and-medium-sized-enterprises) **created by businesses across the European Union**, more needs to be done to overcome market deficiencies. More than just powering the economy, **these businesses make important contributions to innovation, employment and accelerating economic growth.**

**SMB innovation outweighs on timeframe**

[**Europa 17**](https://www.ecb.europa.eu/explainers/tell-me-more/html/growth.en.html)

The ECB’s objective is to maintain price stability. By setting interest rates, the ECB influences financing conditions in the economy and, ultimately, overall demand for goods and services. However, **the long-term growth potential of the economy**, which **depends on innovation**, also affects the ECB’s ability to achieve its mandate.

**Innovation and productivity growth bring vast benefits for consumers and businesses. As productivity rises, the wages of workers increase. They have more money in their pockets, and so can buy more goods and services. At the same time, businesses become more profitable, which enables them to invest and hire more employees.**

**SMBs are key to innovation**

[**Koflowitz of BPlans**](https://articles.bplans.com/small-businesses-increasingly-helping-large-companies-innovate-can-company-take-advantage-trend/)

**Some of the reasons that many observers see smaller companies as more innovative include that: 1. small companies are more nimble, with less bureaucracy and fewer organizational approvals to obtain before an innovation is developed and commercialized. 2. They are less burdened by status quo thinking than larger companies**

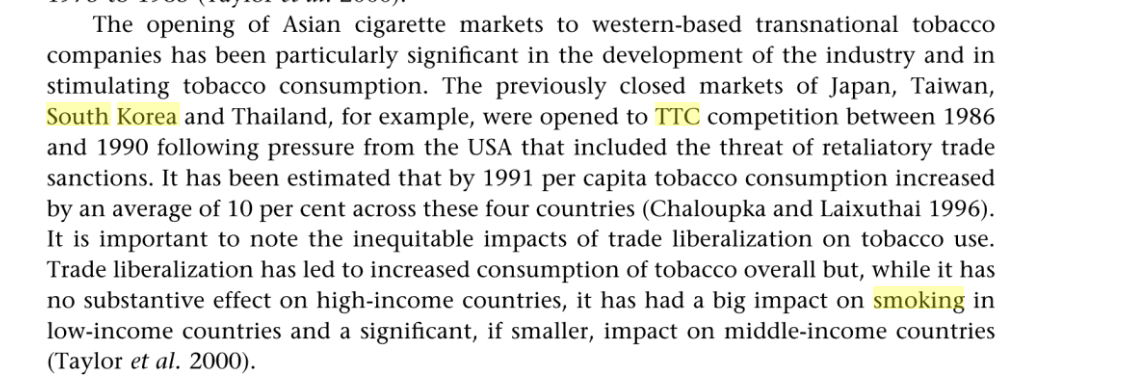
## Smoke

[**https://books.google.com/books?id=JcdEBgAAQBAJ&pg=PA108&lpg=PA108&dq=us+ttc+south+korea+increase+smoking+rate&source=bl&ots=5aLlheAcJh&sig=ACfU3U18Z1lZgDgsJaBkKrrI0PcZt4Ygmw&hl=en&sa=X&ved=2ahUKEwiG1eLO\_L\_kAhUGLa0KHeg\_DHUQ6AEwGHoECAgQAQ#v=onepage&q=us%20ttc%20south%20korea%20increase%20smoking%20rate&f=false**](https://books.google.com/books?id=JcdEBgAAQBAJ&pg=PA108&lpg=PA108&dq=us+ttc+south+korea+increase+smoking+rate&source=bl&ots=5aLlheAcJh&sig=ACfU3U18Z1lZgDgsJaBkKrrI0PcZt4Ygmw&hl=en&sa=X&ved=2ahUKEwiG1eLO_L_kAhUGLa0KHeg_DHUQ6AEwGHoECAgQAQ#v=onepage&q=us%20ttc%20south%20korea%20increase%20smoking%20rate&f=false)

# **Public Health: Social Context and Action**

**edited by Angela Scriven, Sebastian Garman 2007**

**Opening South korea to TTC competition increased tobacco use by 10% over 5 years**

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[**CTFK 2018**](https://www.tobaccofreekids.org/assets/global/pdfs/en/Global_Cigarette_Industry_pdf.pdf) **China National Tobacco Corporation (CNTC) is owned and operated by the Chinese government and is the world’s single largest producer of cigarettes with 42.6% of the global market.3 CNTC sells the majority of its product in China; just over 1% of cigarettes produced are exported to other countries.3 CNTC is increasing efforts to sell heritage brands such as RDG, Dubliss and Harmony internationally.**

# other/old:

Stuff needed to be found: china has everything italy sells

https://wita.org/wp-content/uploads/2019/01/201901\_Policy\_Paper\_BDI\_China.pdf

Prevent circumvention of trade defence measures:China is rapidly building up production ca-pacitiesin other countries, particularly in BRI partner countries. This threatens to circumvent the EU's existing protection against imports by Chinese companies from non-Chinese production. The EU's trade defence instruments should also be used consistently against unfair competition or impermissible subsidies from such countries

<http://documents.worldbank.org/curated/en/715511560787699851/text/Main-Report.txt>

<https://www.just-style.com/analysis/is-chinas-belt-and-road-a-double-edged-sword-for-turkey_id135486.aspx>

**(this is the study referenced in the VOA article i think)**

**Oh shit its a series**

[**http://chinashock.info/papers/**](http://chinashock.info/papers/)

4**There are growing concerns in Europe that through the Belt and Road Initiative, China seeks to tackle industrial overcapacity at home by dumping goods priced below production cost, a strategy that could bring some industrial lines across Europe to their knees. Moreover, EU policymakers fear that Beijing wants to revise the global rules on commerce and investment, worrying that the Chinese initiative lacks transparency and that the opaque financing deals may threaten the competitiveness of European companies**. It is increasingly evident that Chinese companies are awarded contracts with little respect for open procurement rules. This raises the question of reciprocity. While Chinese companies find an open-door environment in Europe, it is quite difficult – if not impossible – for a European company to succeed in winning a contract to build infrastructure projects in China

**FL: Downstream**

**http://chinashock.info/wp-content/uploads/2016/06/ChinaShockARE.pdf**

If one had to project the impact of China’s momentous economic reform for the US labor mar-

ket with nothing to go on other than a standard undergraduate international economics textbook,

one would predict large movements of workers between US tradable industries (say, from apparel

and furniture to pharmaceuticals and jet aircrafts), limited reallocation of jobs from tradables to

nontradables, and no net impacts on US aggregate employment. **The reality of adjustment to the**

**China trade shock has been far different. Employment has certainly fallen in US industries more**

**exposed to import competition; however, overall employment in the local labor markets in which**

**these industries were concentrated has as well. Offsetting regional employment gains either in**

**export-oriented tradables or in nontradables has been difficult to detect in the data**. Input-output

linkages between sectors appear to have magnified rather than dampened the employment effects

of trade both within regions and nationally

**Also FL: downstream employment gains**

<https://www.nber.org/papers/w21906.pdf>

China’s emergence as a great economic power has induced an epochal shift in patterns of world trade.Simultaneously, it has challenged much of the received empirical wisdom about how labor markets adjust to trade shocks. Alongside the heralded consumer benefits of expanded trade are substantial adjustment costs and distributional consequences. These impacts are most visible in the local labor markets in which the industries exposed to foreign competition are concentrated. **Adjustment in local labor markets is remarkably slow, with wages and labor-force participation rates remaining depressed and unemployment rates remaining elevated for at least a full decade after the China trade shock commences**.Exposed workers experience greater job churning and reduced lifetime income. **At the national level,employment has fallen in U.S. industries more exposed to import competition, as expected, but offsetting employment gains in other industries have yet to materialize.** Better understanding when and where trade is costly, and how and why it may be beneficial, are key items on the research agenda for trade and labor economists

<https://www.voanews.com/europe/chinas-new-silk-road-may-hurt-italian-workers-analysts-say>

Some Italian officials in the economy and finance ministry have also offered behind-the-scenes warnings. They argue that while engaging with Beijing in this manner may help boost Italian exports to China, a prospect highlighted by Xi in marketing BRI, it will likely result in a bigger boost for cheap Chinese exports to Italy.

"If trade does take off significantly, it might be a matter of short-term gain, but long-term pain," one official told VOA.

They say while **the BRI** may offer Italy new funding sources — the country is still lagging well behind the foreign investment levels it enjoyed before the 2008 global financial crash — it **could trigger a significant wave of Chinese imports, which would have long-term detrimental consequences for Italian industry, employment and politics.**

The officials in the country's finance ministry, who declined to be identified for this article, have been scrutinizing recent academic studies on the impact of Chinese imports on local labor markets. **A series of studies,** including those by economists David Autor, David Dorn and Gordon Hanson, **suggests that Western countries and regions exposed to rising Chinese import competition see a major jump in unemployment, lower labor force participation and lower wages**. Unskilled and manual workers are especially adversely affected.

**The impacts "are most visible in the local labor markets** in which the industries exposed to foreign competition are concentrated. **Adjustment in local labor markets is remarkably slow, with wages and labor force participation rates remaining depressed and unemployment rates remaining elevated for at least a full decade after the China trade shock commences**. Exposed workers experience greater job churning and reduced lifetime income," noted Autor, Dorn and Hanson in a paper for the National Bureau of Economic Research, an influential U.S.-based nonprofit.

**FL to never risk it biscuit**

**Despite the warnings,** as well as U.S. and EU disapproval of Italy's BRI endorsement, **Conte and Luigi Di Maio, leader of the anti-establishment Five Star Movement, which makes up half of the country's populist coalition government, says Chinese investment could kick-start Italy's sputtering economy.**

**"The way we see it, it is an opportunity for our companies to take the opportunity of China's growing importance in the world," Italy's under secretary of state for trade and investment, Michele Geraci, told foreign reporters.**

# 

## C3: Crowding out investment

**China has historically participated in unfair market practices known as dumping**

**Christian**, 2-16-**2016 of the AALEP**, "THE CHINESE DUMPING REALITY," No Publication, <http://www.aalep.eu/chinese-dumping-reality>

Dumping from China is wiping out European jobs. European industry has already lost millions of manufacturing jobs to China. For instance, when China joined the WTO in 2001, millions of EU workers were employed in the textile sector. Now, China has an estimated 65 percent of the world's total textile production and European production has been decimated. Overall, China now makes and sells more manufactured goods than any other country, particularly steel. Driven by massive excess capacity more than twice the size of total EU steel demand, China has been dumping unprecedented volumes of steel into Europe. The EU steel sector has lost at least 85,000 jobs since 2008, over 20% of its workforce. Import volumes of steel from China into the EU have doubled in the past two years, with prices collapsing by about 40%. Steel is the backbone of many of Europe’s manufacturing and construction industries, providing direct and indirect employment to millions more European citizens. The list of vulnerable industries include steel , ceramics , glass , aluminium, bicycles and parts , solar panels and many others besides. These industries are at high risk due to the potential for large import surges in sectors where **China** has, or is developing, substantial excess production capacity. The country **has demonstrated past willingness to engage in** subsidies and the **massive dumping** of excess domestic production **at prices below cost.** China’s dumping undermines free and fair trade. **A company is ‘dumping’ if it is exporting a product to the EU at prices lower than the normal value of the product** (the domestic prices of the product or the cost of production) on its own domestic market. **The purpose of dumping is usually to** increase market share in a foreign market or **to drive out competition.**Chinese enterprises dump more products into Europe’s open market than any other country in the world. Indeed, 75% of all the EU's anti-dumping measures in force involve China. The European Commission has found China guilty of dumping 54 important products on the EU market at predatory prices. Furthermore, the EU is currently experiencing a rise in anti-circumvention proceedings where Chinese producers try to avoid anti-dumping measures illegally by exporting to Europe, via third countries such as Taiwan and Malaysia. The enormous EU-China trade deficit grows every year. China has dramatically increased exports to Europe by an average of 11% per year over the past fifteen years, rising from €75 billion in value in 2000 to €360 billion in 2015. Europe’s trade relationship with China is not balanced and is made worse by dumping. The trade deficit between the EU and China reached an all-time record high of €180 billion in 2015.

**Europe has taken steps to make sure that dumping doesn’t happen**

**Christian**, 2-16-**2016**, "THE CHINESE DUMPING REALITY," No Publication, <http://www.aalep.eu/chinese-dumping-reality>

**Current anti-dumping measures safeguard tens of thousands of direct and indirect jobs in Europe,** with thousands more in sectors or product types still undefended. Without the anti-dumping instruments currently available, up to 3.5 million jobs would be at risk from China’s unfair trading practices. Without effective anti-dumping measures the EU is only left with the anti-subsidy instrument, which has never been effective in the face of the distortions of the Chinese economy: it only allows action against specific subsidies and not against the subsidies which are generally available in China. To make things worse, in addition to the opaqueness of Chinese subsidy regimes, the Chinese government has never complied with the WTO obligation to report subsidies, nor has it ever cooperated with the European Commission in anti-subsidy investigations. Accordingly, the average subsidy rate found in Chinese cases is negligible, and entirely inadequate in redressing injuries to EU industry and easily absorbable by Chinese producers.

**But, if the EU were to join the BRI, many of these measures would no longer exist**

[**https://www.cnbc.com/2019/03/27/italys-joins-chinas-belt-and-road-initiative.html**](https://www.cnbc.com/2019/03/27/italys-joins-chinas-belt-and-road-initiative.html)

MAR 27 2019, Holly **Ellyatt** for CNBC notes

**The “Memorandum of Understanding” signed by China and Italy shows that they intend to** work together to develop Italy’s transport, logistics and port infrastructure, strengthen financial cooperation and **expand “two-way” and “unimpeded” trade and investment**.

**In africa, the effects have been devastating. In fact, after Africa joined the BRI, their textile industry collapsed, and now**

Abu-Bakarr **Jalloh**, 5-30-2018, "Africa needs unified regulations against cheap Chinese imports," DW, https://www.dw.com/en/africa-needs-unified-regulations-against-cheap-chinese-imports/a-43981996

From electronic gadgets to stationery, from providing cheap skilled labor to exporting natural resources, China has Africa covered. "Interestingly, all kinds of school uniforms find their way here," said Ismail Bello, deputy secretary general of the National Union of Textile, Garment and Tailoring Workers of Nigeria. China's labor force is equipped with the know-how similar to most European nations. So arguably, **it is cheaper for a primary school in Nigeria to import uniforms from China than to buy them from a local garment industry.**  "The Nigerian textile and garment industry is at its lowest ebb," Bello said. "In the 1960s, 70s and 80s, this industry thrived to an extent that it exported to the West African region, occasionally to East Africa. With the liberalization of the textile market in the 1990s and the influx of Chinese textiles, the industry began to decline." **"Local producers possibly have less than 15 percent of the market shares. It has resulted in several closures** **and loss of jobs** over the years," Bello said.

**In South East Asia, China is also dumping**

**Economic Times**. "US-China trade spat could lead to dumping of Chinese goods in emerging markets: India Ratings." **2019**. https://economictimes.indiatimes.com/small-biz/trade/exports/insights/us-china-trade-spat-could-lead-to-dumping-of-chinese-goods-in-emerging-markets-india-ratings/articleshow/69370835.cms //

Hence, **imports by other Asian [Emerging Markets]**EMs **from China grew 20.70% in 2018** versus 12.75% in 2010. This has been catalysed by the **[due to] Chinese manufacturers’ ability to undercut domestic manufacturers in these markets**, resulting in lower market share for the domestic players in the EMs, India Ratings observed.

**The impact is an industry collapse**

**If Europe were to join the BRI and remove anti-dumping policies**

<https://www.voanews.com/europe/chinas-new-silk-road-may-hurt-italian-workers-analysts-say>

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