# Marist SV – Kentucky Neg v1

## Contention 1 – Industrial Displacement

#### By connecting economies and forcing increased interdependence the EU joining the BRI will facilitate a rapid increase in Chinese exports priced below market value into the EU as Nicola Cararini writes in 2015 that

Cararini, Nicola. “Is Europe to Benefit from China’s Belt and Road Initiative?” Instituto Affari Internazionali. October 2015.

There are growing concerns in Europe that **through the Belt and Road initiative, China seeks to tackle industrial overcapacity at home by** dumping or **exporting goods priced below production costs, risking thus to bring entire industrial lines across Europe to their knees.** If the EU were to designate China as a “market economy,” it would then be impossible for Brussels to strike back against unfair export practices with countervailing tariffs. There is growing resistance in Europe from manufacturing industries that see themselves as vulnerable, and the EU –together with the US – may be tempted to resist granting China “market economy status.”

#### This is empirically proven as Jaimie Dettmer writes in 2019 that

Jaimie Dettmer, 3-22-2019, “China's New Silk Road May Hurt Italian Workers, Analysts Say.” VOA. <https://www.voanews.com/europe/chinas-new-silk-road-may-hurt-italian-workers-analysts-say>, Date Accessed 7-16-2019 // WS

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. Such a scenario, they caution, could have a ruinous impact on domestic Italian producers and workers. "If trade does take off significantly, it might be a matter of short-term gain, but long-term pain," one official told VOA. 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. Several of the EU's smaller cash-strapped nations have also signed up in the past two years to China's BRI, hoping that by doing so their economies will be boosted. Italy slipped into recession last year and its debt levels are among the highest in Europe. The populist coalition government came to power in June 2018 with high-spending plans, promising expensive pension reforms and a living wage for all Italians. Italian ministers favoring BRI accuse other large EU countries, including France, which is critical of the BRI, of hypocrisy, saying they conduct multi-million-dollar deals anyway with China albeit outside the framework of the New Silk Road initiative. "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. But some Italian officials worry that view might be short-sighted. 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 — **i**t 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 [are] exposed to rising Chinese import competition [they] 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. Other recent academic studies have noted thatthe regions of the U.S. and Europe most impacted by trade with China are the ones which in recent elections and plebiscites have backed populist candidates and nationalist causes like Brexit, support fueled by anger at the effects of globalization. Brexit is Britain's decision to leave the European Union. "Ironically, looking to Beijing for an economic boost and to alleviate economic deprivation could well hurt the workers and businesses who backed populists in the first place and who the populists want to help — Salvini gets that, but the rest of the coalition doesn't," observed an Italian official.

#### This is bad because Dettmer continues that:

Jaimie Dettmer, 3-22-2019, “China's New Silk Road May Hurt Italian Workers, Analysts Say.” VOA. <https://www.voanews.com/europe/chinas-new-silk-road-may-hurt-italian-workers-analysts-say>, Date Accessed 7-16-2019 // WS

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. Such a scenario, they caution, could have a ruinous impact on domestic Italian producers and workers. "If trade does take off significantly, it might be a matter of short-term gain, but long-term pain," one official told VOA. 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. Several of the EU's smaller cash-strapped nations have also signed up in the past two years to China's BRI, hoping that by doing so their economies will be boosted. Italy slipped into recession last year and its debt levels are among the highest in Europe. The populist coalition government came to power in June 2018 with high-spending plans, promising expensive pension reforms and a living wage for all Italians. Italian ministers favoring BRI accuse other large EU countries, including France, which is critical of the BRI, of hypocrisy, saying they conduct multi-million-dollar deals anyway with China albeit outside the framework of the New Silk Road initiative. "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. But some Italian officials worry that view might be short-sighted. 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 — **i**t 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 **[are] exposed to rising Chinese import competition [they] 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. Other recent academic studies have noted thatthe regions of the U.S. and Europe most impacted by trade with China are the ones which in recent elections and plebiscites have backed populist candidates and nationalist causes like Brexit, support fueled by anger at the effects of globalization. Brexit is Britain's decision to leave the European Union. "Ironically, looking to Beijing for an economic boost and to alleviate economic deprivation could well hurt the workers and businesses who backed populists in the first place and who the populists want to help — Salvini gets that, but the rest of the coalition doesn't," observed an Italian official.

#### Most specifically, the World Bank finds that:

World Bank. 2019. “Belt and Road Economics: Opportunities and Risks of Transport Corridors.” <https://openknowledge.worldbank.org/bitstream/handle/10986/31878/9781464813924.pdf>, Date Accessed 8-31-2019 // JM

A reduction of trade costs imposes adjustment costs, especially in the short and medium runs. These costs may arise because of increased competition from Chinese products, which could challenge local industries. But the export sector in Belt and Road corridor economies, benefitting from improved access to China’s vast market, could cushion such effects. Bastos (2018) uses detailed bilateral trade data for the period 1995–2015 to assess the degree of exposure of corridor economies to China trade shocks. These effects are highly heterogeneous across corridor economies. Exposure to competition from China is higher in Hong Kong SAR, China, Indonesia, Malaysia, Philippines, Thailand, and Vietnam. These economies source a relatively large share of imports from China and have export and production structures similar to China’s. Further integration with China would likely produce stronger competitive pressures in final goods markets. Several other corridor economies are only weakly exposed to competition shocks associated with further integration with China. Bangladesh, Iran, Kyrgyz Republic, Mongolia, Myanmar, Tajikistan, and Timor-Leste source a sizable share of imports from China but are only weakly exposed to Chinese import competition in their own markets and have export structures that differ considerably. For the Belt and Road corridor economies as a whole, total displacement [by] over the baseline projected in 2030 is some 12 million workers, or 0.48 percent of the baseline labor force (table 3.3) (Maliszewska and van der Mensbrugghe 2018). This is a relatively small number, reflecting the assumption that the initiative will have a transitional phase. East Asia and Pacific is expected to lose agricultural employment of about 800,000, while South Asia would gain more than 4 million workers in agriculture. In East Asia and Pacific, 0.9 percent of the labor force is expected to switch jobs, followed by Sub-Saharan Africa with 0.6 percent, and Middle East and North Africa with 0.5 percent. The Belt and Road corridor economies could see a net loss of almost 0.8 million agricultural jobs in 2030 relative to the baseline. The majority of this loss would be in China, though other countries such as Malaysia and Thailand would also see agricultural employment losses. Bangladesh, India, and Pakistan would see major increases in agricultural employment, as would Kenya and Tanzania. Corridor economies more exposed to competition should consider whether their social policies can deal with the adjustment costs associated with workers reallocating across occupations, sectors, and regions triggered by sector-specific competition and trade demand shocks. Countries more exposed to competition from China are likely to have more displaced workers and thus to face stronger adjustment costs. There is no one strategy for dealing with trade-induced adjustment costs (IMF, World Bank, and WTO 2017). The optimal policy depends on the shock, and on country attributes, and initial conditions. For example, facilitating geographic mobility may be especially important in larger economies or those in which such mobility has historically been low. General inclusive policies, notably social security and labor policies, including education and training, are options. Well-designed credit, housing, and place-based polices may also facilitate adjustment. And trade-specific adjustment programs may play a complementary role.

## Contention 2 – BRI Politics

#### Recently Trump has delayed talks of imposing EU auto tariffs in favor of further trade talks as Bryce Baschuk writes this week that

Bryce Baschuk, 9-4-2019, "EU Trade Chief Says U.S. Car Tariff Threat ‘Not Based on Facts’," Bloomberg, https://www.bloomberg.com/news/articles/2019-09-04/eu-trade-chief-says-u-s-car-tariff-threat-not-based-on-facts, Date Accessed 9-4-2019 // WS

European Trade Commissioner Cecilia Malmstrom said cars made in the EU don’t pose a threat to U.S. national security and shouldn’t be targets of American tariffs. In May, the White House agreed to delay new tariffs on imported automobiles and parts for six months, while Washington engaged in negotiations with the EU and Japan. "We hope that it will be extended because, of course, we think it’s not based on facts," Malmstrom said Wednesday during an interview with Bloomberg Television. "The European Union and our exports of cars or car parts to the U.S. are not a security threat to you, it’s based on normal trade," she said. "So we disagree with the findings of the reports." President Donald Trump’s threat to levy tariffs on foreign automobiles draws on a loophole in international trade rules that permits countries to take “any action” they deem necessary to protect their national security. Washington has already hit the EU with duties on its steel and aluminum exports using the same national-security justification. The threat of U.S. auto tariffs has been on ice since Trump and European Commission President Jean-Claude Juncker agreed to refrain from “unilateral actions” while the EU and the U.S. endeavor to negotiate a trade pact.

#### Unfortunately joining the BRI represents a geopolitical shift of the EU moving towards China and away from the US for two unique reasons that necessitate a Trump response. First, it creates a severed alliance. Noah Barkin explains in 2019 that joining the BRI:

Noah Barkin, 6-4-2019, “The US is losing Europe in its battle with China”, The Atlantic, <https://www.theatlantic.com/international/archive/2019/06/united-states-needs-europe-against-china/590887/>, Date Accessed 7-19-2019 // SDV

But conversations I had with dozens of officials on both sides of the Atlantic—many of whom requested anonymity to talk about diplomatic and intelligence issues—suggest that instead of coming together, Europe and the U.S. might be in the early stages of a damaging divergence on the China challenge. Trump’s latest moves, which raise the specter of a prolonged economic Cold War between Washington and Beijing, are likely to deepen the divide, taking the U.S. down a path that is unpalatable for even the hardest of European hard-liners. “If you listen to the people in the Trump administration, who view China as an existential threat, they are not in a place most Europeans can get to,” says Evan Feigenbaum, who held senior Asia-focused roles in the State Department during George W. Bush’s presidency and is now at the Carnegie Endowment for International Peace. The dissonance raises the prospect of a Western split on what both sides agree is likely to be the biggest geopolitical challenge of the 21st century—responding to the rise of an authoritarian China. A series of meetings in recent months, and the disparate ways in which they were interpreted by either side, illustrate the widening chasm. The European diplomat who discussed the April meeting likened Washington’s uncompromising stance on Belt and Road to its position on the Asian Infrastructure Investment Bank (AIIB) a few years prior. Back then, the United States, under President Barack Obama, [failed to convince allies](https://www.vox.com/2015/4/1/8311921/asian-infrastructure-investment-bank) to join a boycott of the new China-led development bank, leaving the Americans embarrassed and isolated. U.S. officials, by contrast, point to talks months before the meeting in Foggy Bottom, when Washington was pushing for a joint declaration denouncing human-rights abuses in Xinjiang, the western Chinese region where more than a million members of the Muslim minority have been detained in reeducation camps. That effort was also abandoned after what U.S. officials described as an exasperating back-and-forth with the European Union and individual member states. Among the American officials I spoke with, there [is] was an air of what felt like panic—over what they saw as the global spread of Chinese influence through Xi’s Belt and Road initiative, the lack of [an American alternative to Huawei](https://www.csis.org/analysis/how-5g-will-shape-innovation-and-security), and the persistent failure of the World Trade Organization to tackle China’s unfair trade practices. One senior administration official likened discussions of China policy to the period after the 9/11 attacks. Inevitably, this person said, there will be an “overreaction” from Washington, with “collateral damage” for other countries, before U.S. policy settles down. In Brussels, senior officials are comparing the Trump administration’s China policy to Brexit. Both, they say, are based on the deluded notion that a fading great power can reverse the course of history and return to its glorious past.

#### Second, it represents a trade diversion away from the United States. Thomas Canvanna indicates in 2018 that:

Thomas Canvanna, 6-5-2018, “What Does China’s Belt and Road Initiative Mean for US Grand Strategy?”, The Diplomat, <https://thediplomat.com/2018/06/what-does-chinas-belt-and-road-initiative-mean-for-us-grand-strategy/>, Date Accessed 9-3-2019 // JM

The United States’ response to a rising China has largely focused on bolstering military capabilities, doctrines, and partnerships in the [Asia-Pacific](http://ndupress.ndu.edu/Media/News/Article/1038867/joint-concept-for-access-and-maneuver-in-the-global-commons-a-new-joint-operati/) (or, more recently, the [Indo-Pacific](https://www.npr.org/sections/thetwo-way/2018/05/31/615722120/in-military-name-change-u-s-pacific-command-becomes-u-s-indo-pacific-command)). This approach misconstrues the problem: it overstates the security threat and understates (or ignores) the economic challenge. To maintain its dominant position globally in the long-term, the United States must reckon with the ambitious geoeconomic endeavor Beijing has launched to project strategic influence across the Eurasian continent, which hosts most of the world’s economic centers and natural resources. The nascent Belt and Road Initiative (BRI) illustrates the transformative geopolitical implications of China’s rise. Despite its changing contours and the fact that it partly recycles preexisting plans, this series of major infrastructure and development projects designed to connect Eurasian regions together is a coherent enterprise of unprecedented scale: $4 trillion of promised investments in 65 countries representing 70 percent of the world’s population, 55 percent of its GNP, and 75 percent of its energy [reserves](https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586608/EPRS_BRI(2016)586608_EN.pdf). The BRI aims to stabilize China’s western peripheries, rekindle its economy, propel non-Western international economic institutions, gain influence in other countries, and diversify trade suppliers/routes while circumventing the U.S. pivot to Asia. Of course, the BRI’s prospects of success are subject to many unknowns, including the possibility of foreign resistance, China’s domestic economic travails, political turbulence, aging population, and environmental [problems](https://www.amazon.com/China-Challenge-Shaping-Choices-Rising/dp/0393352994/ref=sr_1_1?s=books&ie=UTF8&qid=1525375283&sr=1-1&keywords=china+challenge+christensen). On the other hand, the U.S. still possesses [enormous assets](https://www.mitpressjournals.org/doi/abs/10.1162/ISEC_a_00225) to maintain its [predominance](https://www.amazon.com/Unrivaled-America-Superpower-Cornell-Security/dp/1501724789/ref=sr_1_1?s=books&ie=UTF8&qid=1525375629&sr=1-1&keywords=michael+beckley), including military primacy, multiple alliances, powerful Western-led international organizations, and an unmatched soft power. Yet over time the BRI could threaten the very foundations of Washington’s post-WWII hegemony. First, its naval dimension works in synergy with overland projects that span regions of critical geostrategic value, taking advantage of China’s central position along the Eurasian rimland. While U.S. leaders have focused on Beijing’s maritime buildup in East Asia, and while most analyses have derided its massive investments in poor and unstable parts of continental Eurasia, those initiatives are mutually reinforcing, part of the same grand design, which is to push the U.S. toward the periphery of the Eurasian rimland, thereby marginalizing its geostrategic [influence](https://www.amazon.com/New-Continentalism-Twenty-First-Century-Eurasian-Geopolitics/dp/0300171021). Second, Beijing seeks to offset the United States’ military primacy. Its buildup in maritime East Asia and the South China sea is worthy of attention but it is also designed in response to the U.S. naval presence and to the alliances that American leaders have nurtured along China’s southern flank since the early years of the Cold War. Regardless, this specific challenge should not absorb the bulk of the United States’ resources. For all of its military initiatives, Beijing’s key priority is to make strategic gains by leveraging its superior geoeconomic assets: vast and fast-growing market, full state control over the economy, and massive financial [reserves](https://www.amazon.com/War-Other-Means-Geoeconomics-Statecraft/dp/0674979796/ref=sr_1_1?s=books&ie=UTF8&qid=1525375684&sr=1-1&keywords=blackwill+harris+geoeconomics). Third, to advance its interests, China exploits the cracks in U.S. post-Cold War hegemony. Washington’s interferences in Russia and Iran’s respective spheres of influence, and its military interventionism in the Middle East, triggered a nationalist and Islamist backlash that significantly diminished its resources and credibility. The unending global war on terror and misguided attempts at forceful democracy promotion only compounded this strategic overreach, while the militarization of Washington’s national security apparatus reduced its ability to tackle the deeper roots of those multi-dimensional challenges. In the meantime, China emerged as a near-peer competitor and began to project geoeconomic influence beyond its vicinity. This strategy has started to yield results in key regions of Eurasia. Chinese leaders have long aimed to freeride on U.S. Middle Eastern security architecture while preparing for its — supposedly — inevitable decline. Beijing has capitalized on Washington’s heavy lifting to ensure stable energy supplies and has exploited the widespread discontent resulting from U.S. military interventionism and regime change campaigns to befriend all of the countries of the region. Yet Iran constitutes its true priority. China has nurtured bilateral relations with Tehran for decades, leveraging a common resentment toward Western [dominance](https://www.amazon.com/China-Iran-Ancient-Partners-Post-Imperial/dp/029598631X/ref=sr_1_1?s=books&ie=UTF8&qid=1525375893&sr=1-1&keywords=john+garver+china+iran). This partnership has great geostrategic importance to both nations. Thanks to its oil and gas reserves, Iran could help Beijing withstand a U.S. attack on its SLOCs (Sea Lines of Communication). More fundamentally the very existence of a powerful regime in the heart of the Middle East frustrates U.S. hegemony and diverts its attention and [resources](https://link.springer.com/chapter/10.1057/9781137539793_12). The 2015 nuclear deal and Iran’s partial reintegration into the international community benefited all parties by dramatically reducing the risk of regional war. Regardless of the Trump administration’s withdrawal from the deal, short of a more ambitious normalization bargain, the agreement could not immediately repair the legacy of rivalry left by the 1953 U.S.-backed coup against a democratically-elected local government, Washington’s massive support to the shah’s dictatorship, and, following the 1979 Islamic revolution, its assistance to Tehran’s enemies and countless attempts to force the country into [submission](https://www.amazon.com/Going-Tehran-America-Islamic-Republic/dp/1250043530). By contrast, Beijing, which had capitalized on decades of coercive U.S. policies, took advantage of the nuclear deal to drastically increase its imports of oil and gas and to welcome Tehran in the AIIB (Asian Infrastructure Investment Bank), a rival to the U.S.-led financial order. Most important, it now seeks to use Iran’s potential as trade crossroads and as the cheapest route to export Caucasian and Central Asian natural resources — with potentially significant consequences for Europe — without encroaching U.S. and Russian spheres of [influence](https://thediplomat.com/2017/01/deconstructing-chinas-energy-security-strategy/). Beijing also made breakthroughs in South Asia and the Indian Ocean. The war on terror initially increased U.S. hegemony over the region. It allowed troop deployments and military-to-military partnerships in Afghanistan and Central Asia, in Russia’s traditional backyard and close to China’s Xinjiang province (strategically critical due to its natural resources, nuclear installations, and pervasive opposition to the communist regime). Washington went to considerable lengths to build a strategic partnership with India, an effort that paid some dividends despite limitations and ambiguities on both sides. The United States also initiated a thaw with Myanmar, along China’s southern border, and tried to launch a New Silk Road between Afghanistan, Central Asia, and South Asia to marginalize Beijing and other regional competitors. Yet China has largely extended its grip on the Indian subcontinent in recent years. It invested heavily in infrastructures and other strategic domains in Indian Ocean littoral states. It started the building of major overland routes through Myanmar and Pakistan to connect its mainland to local seas. The newly-created China-Pakistan-Economic Corridor (CPEC) might even be extended to Iran, [Afghanistan](https://timesofindia.indiatimes.com/world/pakistan/cpec-being-extended-to-afghanistan-says-report/articleshow/63669582.cms), and Central Asia. The Trump Administration’s recent National Security Strategy endeavored to “help South Asian nations maintain their sovereignty as China increases its influence in the [region](https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf).” Among other initiatives, Washington upgraded the profile of the Quad, a partnership that includes the United States, India, Australia, and Japan. However, the United States still reels from military overreach, relative economic decline, and domestic political gridlock. By contrast Beijing has used its considerable geoeconomic leverage to assert its strategic influence over [Pakistan](https://www.forbes.com/sites/panosmourdoukoutas/2018/04/15/what-is-china-doing-to-pakistan-the-same-thing-it-did-to-sri-lanka/#34d709dfff53), [Sri Lanka](https://www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01?barrier=accesspaylog), Myanmar, and other states. As some experts noted, this could ultimately allow China to become a “[resident power](https://www.tandfonline.com/doi/abs/10.1080/14650045.2016.1223631)” in the region. A similar phenomenon is visible in Europe. For all of the United States’ efforts NATO’s post-Cold War expansion to former countries of the Soviet bloc and the launching of the global war on terror did not substitute for the foundational Soviet security threat that once undergirded the transatlantic alliance. The European states’ reluctance to increase military budgets and to participate in misguided U.S.-led interventions caused tensions, especially following the invasion of [Iraq](https://onlinelibrary.wiley.com/doi/abs/10.1111/1758-5899.12427). Meanwhile China made important strides. Its regional trade and investments skyrocketed. Beijing acquired strategic assets to amass local advanced technologies and know-how, using Europe’s economic distress in the wake of the 2008 financial crisis, the EU’s political divisions and lack of an investment vetting process, and the mesmerizing appeal of China’s national [market](https://www.researchgate.net/publication/315870586_China's_economic_statecraft_in_Europe). Chinese leaders use their growing geoeconomic leverage to discipline their new partners and cultivate local [proxies](https://www.washingtonpost.com/news/worldviews/wp/2018/02/05/with-everyone-focused-on-russia-china-is-quietly-expanding-its-influence-across-europe/?noredirect=on&utm_term=.416fefd47ae7). The United States has tried to counter these efforts, as illustrated by the unsuccessful negotiation of the Transatlantic Trade and Investment Partnership (TTIP) and continuous attempts to harness European militaries and defense industries to U.S. strategic [goals](https://www.foreignaffairs.com/articles/2018-02-13/rise-illiberal-hegemony). Yet Beijing’s rise has started to corrode the depth and scope of transatlantic relations. Despite frustrations with its economic practices, European countries have been willing to develop bilateral ties further and further. Moreover, they have only very timidly endorsed the U.S. position that China’s growing assertiveness in the Asia-Pacific poses a major [threat](https://ideas.repec.org/a/kap/asiaeu/v15y2017i2d10.1007_s10308-017-0470-9.html) to the international order. Trump’s rejection of the Iran nuclear deal, economic multilateralism, and the Paris climate agreement make things worse, but the problems are deeper. Though U.S.-Europe relations have solid foundations, current trends are preoccupying. Over time, they could complicate military cooperation, hurt the United States’ economic interests, obstruct its [strategic routes](https://onlinelibrary.wiley.com/doi/full/10.1111/1468-2346.12393) via the Mediterranean Sea and Suez Canal, and curtail its efforts to frame the global contest with China as a battle pitting Western liberal values against [authoritarianism](https://www.amazon.com/Pivot-Future-American-Statecraft-Asia/dp/1455568953). So what should the United States do to improve its strategic trajectory in an increasingly multipolar world? Instead of remaining overwhelmingly fixated on the military balance of power in the Asia-Pacific, Washington should find effective ways to counter Beijing’s geoeconomic offensive across the Eurasian continent and its growing leverage among some of the United States’ partners and allies themselves. Furthermore, instead of perpetuating self-defeating interferences in Russia’s and Iran’s respective spheres of influence, which only push these countries into China’s arms, the United States should leverage their fears of Beijing’s growing power to constrain the its geopolitical progression; while the diplomatic overtures required by such a course of action do not seem palatable, in the long term Washington can simply not afford anymore to fight everyone at the same time without doing long-term damage to its economic and security interests. In parallel, U.S. leaders should engage Beijing to try to shape the BRI’s contours to their advantage, minimize the risk of war, and encourage cooperation in domains such as counter-terrorism and global environmental reforms. In the long run, China’s geoeconomic offensive across the Eurasian continent could threaten the very foundations of the United States’ post-WWII hegemony. Because of its narrow focus on the military balance of power in the Asia-Pacific, the United States has not yet developed the tools necessary to address that challenge. Adjusting to pursue a more realistic grand strategy would account for these realities and redirect resources to the appropriate means — a true “pivot to Asia.” This grand strategy would yield substantial short- and long-term benefits for the American people and the West.

#### Seeing this shift away from the US requires a response from Trump – Nahal Toosi explains that economic pressure in an election year is how Trump feels he can make larger progress against Europe – he argues that:

Nahal Toosi, 8-24-2019, “ Democrats can’t just unwind Trump’s foreign policy,” <https://www.politico.com/story/2019/08/24/democrats-trump-foreign-policy-1474308>, Date Accessed 9-3-2019 // JM

Trump’s defenders view the situation differently. They argue that Trump has injected a much-needed dose of truth into the foreign policy conversation, especially on problems that have festered for decades, such as North Korea’s nuclear program. They [his supporters] assert that Trump’s pressure on allies is often aimed at ultimately making them stronger. And while they agree Trump’s rhetoric can go too far, they say his policies are not entirely unconventional. “It’s just a lot about recognizing reality and leveling with the American people,” a senior Trump administration official said. “This administration is adhering to the rule of law and is telling the truth about the world. I’d say that’s a lot more durable than the last administration’s approach.” In particular, Trump’s approach to two sensitive topics — Iran and Israel — could have lasting effects. On Iran, Trump has chilled slowly warming relations between the two countries. It started with Trump’s decision to pull the U.S. out of a nuclear deal with Iran. Then he reimposed the sanctions lifted under the deal and heaped on new ones. While most of the Democrats running for president have promised to rejoin the nuclear deal, which was negotiated under President Barack Obama, they must overcome an array of logistical and political hurdles, including Iran’s own steps to violate the deal in light of Trump’s sanctions. For instance, Trump has declared Iran’s Islamic Revolutionary Guard Corps a terrorist group, an unprecedented decision made despite warnings that it could spark retaliatory actions against American troops overseas. But even though Democrats widely disparaged the move, they might find it politically impossible in Washington to rescind the label, given that the IRGC has been blamed for hundreds of U.S. troop deaths in Iraq. Trump’s provocations have helped raise military tensions in the Middle East and left Tehran proclaiming, “Talks are useless.” “Now that our enemies do not accept logic, we cannot respond with logic,” Iranian President Hassan Rouhani said in a speech Thursday. Trump’s supporters argue that such a standoff is the inevitable result of the United States finally getting tough on the Iranian regime. But it also means any sort of rapprochement could remain impossible long after Trump leaves office. Another area where Trump has perhaps permanently changed the landscape is the decades-old Israeli-Palestinian conflict. Nearly every step Trump has taken in the area has pleased Israel and angered the Palestinians. He ended U.S. financial aid to the Palestinians, closed their office in Washington and recognized Jerusalem as the capital of Israel, despite the Palestinians’ competing claims to the city. In response, the Palestinians have essentially cut off communication with Trump officials. The Trump administration is also at work on a peace proposal for the Israelis and Palestinians, but the president’s aides have indicated that the plan will not support a separate Palestinian state. A Democratic successor may recommit the U.S. to a two-state solution — long the American government's preferred approach — and even rebuild some of the bridges to the Palestinians that Trump has torched. Foreign policy veterans say it may be too late, though. Under Trump, an emboldened Israel already has made moves some predict will lead it to annex the West Bank, territory long claimed by the Palestinians. The United States has found itself in a similar reputational crisis before. President George W. Bush’s 2003 invasion of Iraq and its chaotic aftermath fueled tremendous global anger toward the United States. The mere fact of Obama’s election was seen as a rebuke of Bush’s ideology and brought much relief overseas. The new president was awarded the Nobel Peace Prize, to his own surprise, before he’d finished a full year in office. A Democratic successor to Trump would face a world even more confused about the basic tenets of American foreign policy. Trump has thrown into question America’s support for what were once bedrock bipartisan principles, such as unwavering support for the NATO military alliance, promotion of global free trade and diplomatic respect for allies. Attempts to rescind Trump’s executive orders or regulations could actually feed into the narrative that the United States is unreliable — that a deal one president signs could be thrown out by the next. On a purely technical level, though, many of Trump’s policies are reversible, especially if they were put in place through regulatory changes, executive orders or other measures less durable than legislation. Former Vice President Joe Biden, a top contender for the 2020 Democratic nomination, signaled in a speech earlier this year that he would quickly move to reverse many of Trump’s foreign policy edicts, including the travel ban Trump imposed on several mostly Muslim countries. Other Democrats eyeing the Oval Office have said they’d take similar steps. There are some ways, however, in which a technical reversal may be too late. A Democratic Trump successor will likely rejoin the Paris agreement to combat climate change, which Trump quit during his first year in office. Still, critics say the lost time under Trump — time without U.S. global leadership on the issue — could have caused irreparable damage to the global ecosystem. A Democratic president could also take office with a new global nuclear arms race under way. That’s what some fear will result from Trump’s decision to quit the Intermediate-Range Nuclear Forces Treaty and the possibility he might let another pact, known as New START, lapse. In response, Russia, China and the U.S. have all shown signs that they are already building up their missile arsenals. “It takes years, sometimes decades, of diplomacy to secure arms control treaties, and every Trump move makes it that much harder for a new administration to put the guardrails back on,” said Michael Fuchs, a former State Department official who specializes in Asia. Trump’s supporters, however, see the changes on the arms control front as inevitable. After all, they note, the U.S. quit the INF treaty over accusations that Russia was violating it and over concerns the agreement was limiting America’s ability to counter China’s military rise — challenges that would have confronted a president from either party. The intense focus on Trump’s rhetoric and mannerisms distracts from that somber assessment, some say. “America is actually evolving toward a post-Cold War consensus of the global security environment, and nobody is noticing it because we’re still wrapped up in Trump,” said James Carafano, a foreign policy analyst with the conservative Heritage Foundation. Trump also may have given cover to Democrats for series of foreign policy steps that they would have wanted to take but avoided because of the political difficulties. For instance, past presidents, including Obama, had promised to move the U.S. Embassy to Jerusalem from Tel Aviv, but they eventually opted not to, citing security concerns and other issues. Trump actually kept his promise to move the embassy, and several Democratic White House candidates already have indicated they wouldn’t reverse the steps. The senior administration official described that decision as one of several in which Trump “recognized a reality” — that Jerusalem is and has been Israel’s capital. Trump also shattered another diplomatic taboo by meeting face-to-face with North Korean dictator Kim Jong Un. Past presidents had spurned such sessions to avoid granting legitimacy to that country’s brutal regime, but they also made little progress in persuading North Korea to give up its nuclear program. Trump hasn’t made much progress on the nuclear front, either, but he’s shifted the dynamics of North Korean engagement. A FiveThirtyEight survey of Democratic candidates found at least five who said they’d be willing to meet Kim without preconditions. Trump also gets plaudits from both sides of the aisle when it comes to his treatment of China. In broad terms, the president has challenged Beijing on multiple fronts, including its theft of intellectual property and other questionable economic practices. Even Senate Minority Leader Chuck Schumer, a New York Democrat, has urged Trump to “[hang tough](https://twitter.com/senschumer/status/1125143336837206016?lang=en)” on China. Even though many foreign policy veterans disagree with Trump’s extensive use of tariffs against Beijing — arguing that such measures harm U.S. businesses and consumers — the tariffs could offer Democrats some leverage to go after China over trade practices they’ve long decried. The biggest challenge a successor to Trump might face is rebuilding trust with the rest of the world. Already, some foreign leaders have looked to [bolster their ties](https://www.al-monitor.com/pulse/originals/2018/10/egypt-relations-russia-us-regional-palestine-syria.html) with Russia and China as the United States, under Trump, has appeared a less reliable global power. “Other countries have noticed that America can tear things down and blow things up easily, but it has a hard time sealing the deal and getting things done,” said Brian Katulis, a foreign policy analyst with the left-leaning Center for American Progress. “As a result, many countries are moving to assert their own interests with less regard for America’s views.” The politics of rebuilding American trust with the rest of the world are treacherous. As Obama reached out to his foreign counterparts in the post-Bush years, Republicans accused him of staging unpatriotic “apology tours.” There’s no reason to believe they won’t level the same accusation at a Democratic successor to Trump. That is, of course, if one of them can defeat Trump. “The next president inherits a singularly high-risk environment, much of it due entirely to the brinkmanship of the current president,” said Constanze Stelzenmüller, a specialist in European and trans-Atlantic policy with the Brookings Institution. “It’ll be interesting if that turns out to be the same man.”

#### In fact, Burchard puts simply that:

[HANS VON DER BURCHARD](https://www.politico.eu/author/hans-joachim-von-der-burchard/), 7-26-2019, "Europe braces for Trump trade war," POLITICO, https://www.politico.eu/article/europe-braces-for-trump-trade-war/, Date Accessed 7-25-2019 // WS

Trump has repeatedly said he wants to slash the U.S.'s $169 billion trade-in-goods deficit with the EU. His 2020 reelection campaign risks escalating the conflict, Hufbauer said: "Trump really believes that confrontation with foreign countries gets him votes." In an interview with POLITICO on Thursday, U.S. ambassador to the EU Gordon Sondland said Brussels should [get ready for "less whining, more action"](https://www.politico.eu/pro/donald-trump-trade-europe-us-ambassador-gordon-sondland-calls-on-ursula-von-der-leyen-to-restart-trade-talks/) from the Trump administration and warned that Washington had "a whole bunch of different tools" at its disposal, including car tariffs, that will have "immediate financial consequences for our friends in Europe.”

#### No matter how he gets there, Trump’s response is the same – it comes in the form of unleashing tariffs. Vasilis Trigkas furthers in 2018 that if trade negotiations accelerate between China and the EU

Vasilis Trigkas, 6-6-18, "Nato, China summits a chance for Europe to assert itself," South China Morning Post, https://www.scmp.com/comment/insight-opinion/united-states/article/2153948/nato-and-china-summits-give-europe-chance, Date Accessed 8-27-2019 // WS

In Beijing, EU leaders may have a seemingly easier task negotiating with the Chinese on [trade](http://www.scmp.com/topics/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 a 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. Any benefits from a bilateral investment treaty with China may be undone by a full-scale transatlantic trade war and an utterly divided West. The EU should thus only accept a transparent deal with China, making investment relations reciprocal and balanced without alienating Washington. Chinese companies enjoy easy access to funding by [state-owned](http://www.scmp.com/topics/state-owned-enterprises) banks and are able to increase financial leverage and competitively bid for the EU’s crown jewels. European companies have no similar capacity, and the EU has no screening mechanism to deter such activities. The bilateral investment treaty should thoroughly and bindingly address these issues. Such a balanced China-EU treaty could even serve as a model for a prospective commercial rapprochement between Beijing and Washington.

#### The impact is sending the global economy into a tailspin. Thomas Duesterberg writes in 2019 that:

Thomas Duesterberg, 4-5-2019, "Trans-Atlantic Trade Is Headed Toward Disaster," Foreign Policy, http://webcache.googleusercontent.com/search?q=cache:wj2zcclEw\_sJ:https://foreignpolicy.com/2019/04/05/trans-atlantic-trade-is-headed-toward-disaster/&amp;hl=en&amp;gl=us&amp;strip=1&amp;vwsrc=0, Date Accessed 7-18-2019 // WS

After an Oval Office meeting last month between U.S. President Donald Trump and Irish Prime Minister Leo Varadkar, Trump took a hard line on trade with the European Union. “We’re going to tariff a lot of their products,” he [said](https://www.ft.com/content/ce0cc7ea-4678-11e9-a965-23d669740bfb), unless Europe compromises on long-standing trade issues. U.S. Trade Representative Robert Lighthizer, responding to pressure from Congress, added that the trade agreement between Washington and Brussels would be a “dead letter” absent the inclusion of agricultural issues. On the European side, however, trade commissioner Cecilia Malmstrom reiterated the refusal to include any discussion of agriculture in these talks. Moreover, the European Parliament failed to endorse the proposed European Commission mandate for negotiations, and both institutions mulled banning all talks until the United States rejoined the Paris climate accord, a position that French President Emmanuel Macron has advanced. The French also blocked the adoption of a negotiating mandate in late March. Unless both sides reconsider their intractable positions, and Malmstrom gets approval to open talks, an impatient Trump could impose 25 percent auto tariffs. Such a move would likely put the already weak European economy into a recession and cause a breakdown in trans-Atlantic economic cooperation, which has been a pillar of the global economic order since the Bretton Woods system was established in 1944. The EU [enjoys](https://www.census.gov/foreign-trade/balance/c0003.html) a nearly $170 billion merchandise trade surplus with the United States, of which Germany alone accounts for some $70 billion. In some part, this represents trade benefits built up by Europe over time as the United States assisted it in regaining economic vitality after World War II, which were never relinquished despite continued U.S. efforts over many decades. This is certainly irritating to Trump. The EU maintains agricultural tariffs well above those of the United States and has employed restrictions on U.S. exports such as chicken, genetically modified crops, hormone-treated beef, and a wide variety of dairy products. It maintains a 10 percent tariff on imported automobiles and parts, subsidizes its commercial aviation sector, deploys competition policy, and threatens new tax measures to punish U.S. technology and financial firms. It circles wagons around the auto industry in spite of its blatant cheating on emission standards. It is slow to correct problems when the United States wins relief through the dispute settlement system of the World Trade Organization (WTO). Europe also has not been especially helpful to the United States in mounting a serious challenge to Chinese mercantilist practices. 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.

#### This is problematic as Duesterberg concludes that

Thomas Duesterberg, 4-5-2019, "Trans-Atlantic Trade Is Headed Toward Disaster," Foreign Policy, http://webcache.googleusercontent.com/search?q=cache:wj2zcclEw\_sJ:https://foreignpolicy.com/2019/04/05/trans-atlantic-trade-is-headed-toward-disaster/&amp;hl=en&amp;gl=us&amp;strip=1&amp;vwsrc=0, Date Accessed 7-18-2019 // WS

After an Oval Office meeting last month between U.S. President Donald Trump and Irish Prime Minister Leo Varadkar, Trump took a hard line on trade with the European Union. “We’re going to tariff a lot of their products,” he [said](https://www.ft.com/content/ce0cc7ea-4678-11e9-a965-23d669740bfb), unless Europe compromises on long-standing trade issues. U.S. Trade Representative Robert Lighthizer, responding to pressure from Congress, added that the trade agreement between Washington and Brussels would be a “dead letter” absent the inclusion of agricultural issues. On the European side, however, trade commissioner Cecilia Malmstrom reiterated the refusal to include any discussion of agriculture in these talks. Moreover, the European Parliament failed to endorse the proposed European Commission mandate for negotiations, and both institutions mulled banning all talks until the United States rejoined the Paris climate accord, a position that French President Emmanuel Macron has advanced. The French also blocked the adoption of a negotiating mandate in late March. Unless both sides reconsider their intractable positions, and Malmstrom gets approval to open talks, an impatient Trump could impose 25 percent auto tariffs. Such a move would likely put the already weak European economy into a recession and cause a breakdown in trans-Atlantic economic cooperation, which has been a pillar of the global economic order since the Bretton Woods system was established in 1944. The EU [enjoys](https://www.census.gov/foreign-trade/balance/c0003.html) a nearly $170 billion merchandise trade surplus with the United States, of which Germany alone accounts for some $70 billion. In some part, this represents trade benefits built up by Europe over time as the United States assisted it in regaining economic vitality after World War II, which were never relinquished despite continued U.S. efforts over many decades. This is certainly irritating to Trump. The EU maintains agricultural tariffs well above those of the United States and has employed restrictions on U.S. exports such as chicken, genetically modified crops, hormone-treated beef, and a wide variety of dairy products. It maintains a 10 percent tariff on imported automobiles and parts, subsidizes its commercial aviation sector, deploys competition policy, and threatens new tax measures to punish U.S. technology and financial firms. It circles wagons around the auto industry in spite of its blatant cheating on emission standards. It is slow to correct problems when the United States wins relief through the dispute settlement system of the World Trade Organization (WTO). Europe also has not been especially helpful to the United States in mounting a serious challenge to Chinese mercantilist practices. 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.

#### And since the EU’s economy is interconnected across the globe this recession would go global as Gina Heeb explains that

Heeb, Gina. “Trump's proposed car tariffs could trigger a global growth recession, BAML says.” Market Insider. February 1 2019.//GG, <https://markets.businessinsider.com/news/stocks/trump-tariffs-cars-could-trigger-global-growth-recession-baml-2019-2-1027973273>

**President Donald Trump has doubled down on threats to levy duties on car imports from Europe, a move that analysts warn could lead the world economy toward a sharp downturn in growth.** "If we don't do the deal, we'll do the tariffs," the president said Wednesday of broader negotiations with the European Union. His administration has wielded protectionist policies in an effort to win concessions from trading partners. A Commerce Department report submitted to the White House this week was widely expected to present auto imports as a threat to national security, giving Trump 90 days to decide whether to follow through with threats to impose import taxes of 20% to 25% on vehicles and parts. While that could benefit some American automakers and reduce bilateral trade deficits, it would also risk adding thousands of dollars to the price of vehicles, and raises the threat of retaliatory duties that could worsen global trade tensions. "In a worst case scenario, **full­blown tit­for­tat auto tariffs could trigger a global recession**," analysts at Bank of America Merrill Lynch wrote in a research note out this week, adding **they would expect growth in the world economy to fall nearly** a percentage point to **1.2%**. By increasing the price of vehicles and imported materials, they could threaten jobs, consumer spending, and investment. The analysts estimated that they would add $2,000 to $7,000 to price tags of both imported and American-made vehicles, posing even greater risks than the global trade tensions that emerged last year.

#### The impact of preventing this recession is massive as Harry Bradford writes that the next

Harry Bradford, 4-5-2013, "Three Times The Population Of The U.S. Is At Risk Of Falling Into Poverty," HuffPost, <span class="skimlinks-unlinked">https://www.huffpost.com/entry/global-poverty-900-million-economic-shock\_n\_3022420</span>, Date Accessed 7-28-2019 // WS

Economic Shock Could Throw 900 Million People Into Poverty, IMF Study Warns A recent study by the International Monetary Fund warns that [as many as 900 million people could fall back into poverty](http://www.imf.org/external/np/pp/eng/2013/031413.pdf) in the event of an economic shock like the Great Recession. That figure is three times the size of the U.S. population.

# Frontlines

## Dumping

### AT: Anti-Dumping Laws

#### While anti-dumping laws to exist, they can only be enforced after the damage to the economy has already been done which means we still access all our impacts.

#### Anti-dumping laws can only be enforced if the country is intentionally lowering prices below market value. This is not the case with China. They can simply manufacture goods far cheaper than Europe can which means they wont be violating anti-dumping laws. They just sell cheaper products that consumer will buy over other local products.

### AT: Trade in the squo?

#### Obviously there is trade in the status quo but through the new connections and quicker trading times allow for the exponential increase in Chinese exports flooding EU markets.

### AT: Empirics??

#### Yup we got them, Italy is about to get screwed over as Jamie Dettmer writes in 2019 that the BRI

Jamie Dettmer, 3-22-2019, "China's New Silk Road May Hurt Italian Workers, Analysts Say," Voice of America, https://www.voanews.com/europe/chinas-new-silk-road-may-hurt-italian-workers-analysts-say, Date Accessed 9-3-2019 // WS

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. Such a scenario, they caution, could have a ruinous impact on domestic Italian producers and workers. "If trade does take off significantly, it might be a matter of short-term gain, but long-term pain," one official told VOA. 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. Several of the EU's smaller cash-strapped nations have also signed up in the past two years to China's BRI, hoping that by doing so their economies will be boosted. Italy slipped into recession last year and its debt levels are among the highest in Europe. The populist coalition government came to power in June 2018 with high-spending plans, promising expensive pension reforms and a living wage for all Italians. Italian ministers favoring BRI accuse other large EU countries, including France, which is critical of the BRI, of hypocrisy, saying they conduct multi-million-dollar deals anyway with China albeit outside the framework of the New Silk Road initiative. "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. But some Italian officials worry that view might be short-sighted. 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 — **i**t 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 [are] exposed to rising Chinese import competition [they] 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. Other recent academic studies have noted thatthe regions of the U.S. and Europe most impacted by trade with China are the ones which in recent elections and plebiscites have backed populist candidates and nationalist causes like Brexit, support fueled by anger at the effects of globalization. Brexit is Britain's decision to leave the European Union. "Ironically, looking to Beijing for an economic boost and to alleviate economic deprivation could well hurt the workers and businesses who backed populists in the first place and who the populists want to help — Salvini gets that, but the rest of the coalition doesn't," observed an Italian official.

## Tariffs

### AT: 2020 Election

#### First the fact the election is coming up only bolsters our argument. Our Toosi and Burchard evidence indicates that Trump views his America First Isolationist Policies such as imposing tariffs as a key to getting him votes in the next reelection.

### AT: Other Nations

#### First, these scenarios do not assume the magnitude of our link. Just one nation joining the BRI is not enough to cause an entire geopolitical shift. But our evidence says that once the EU joins the BRI as a block it creates this massive geopolitical shift of their alliance away from the US and toward China because it signals that the entirety of the EU is siding with China and not the US.

#### Second, our argument is about perception. Perception of the US/EU alliance does not change when countries join individually as long as the EU’s stance toward China as a bloc is stern. This goes away n the world of the AFF

### AT: Wont Tariff Allies

#### First this empirically is just false. We tariff South Korea and have tariffed the EU over other things in the past.

#### Second, the EU severs our alliance once they join the BRI as our Barking evidence indicates that it will send an international geopolitical message that the EU is siding with China over the US

### AT: Tariffs Inevitable

#### No the Meredith evidence we read in case says that Trump has delayed threats of imposing EU auto tariffs in order to allows for more time for trade talks with the EU. This opportunity goes away when the EU joins the BRI

### AT: No Tariffs Ever

#### This is not true. Our Duesterberg evidence is explicate and says that once the EU joins the BRI Trump will impose 25% auto Tariffs on the EU because of the geopolitical shift that this created as a result of the EU siding with China over one of the most controversial issues of today

### AT: Trump Unpredictable

#### First, Trump may be unpredictable about a lot of things, but one things he has always been consistent about is his stance on China. He has always been harsh against Chinese actions and when the EU joins the BRI it will necessitate a response

#### Second, our Duesterberg evidence is the only piece of evidence being read in the round that actually says how Trump will react and it says he will impose tariffs

### AT: Tariffs Short Term

### AT: EU Tariff Back

### AT: Build Act

#### Tariffs are more probable for 4 reasons

#### First, the Build Act has a set budget at $60 billion that cannot be changed without passing an entirely new bill. This has two implications. First they have to win that it will be politically popular to raise the budget again at a time when the two sides in congress are as divided as ever on the budget, and second they have to win the timeframe in which a new bill will be passed in order for them to weigh this argument. Tariffs can be passed unilaterally and immediately making the process much smoother and more likely

#### Second, they have to win that the EU actually wants this aid which is not true at the point they join the BRI. Catherine Davis writes 3 months ago that

Catherine Davies, 6-3-2019, "US attempts to block Europe benefiting from China’s ‘Belt &amp; Road Initiative’," No Publication, https://www.newcoldwar.org/us-attempts-to-block-europe-benefiting-from-chinas-belt-road-initiative-2/, Date Accessed 9-1-2019 // WS

The problem for such US attempts to block European cooperation with China is that the US has little positive to attract European countries to cooperate with it. The US is not only growing less rapidly than China but the Trump administration’s protectionist steps make the US even less attractive. US foreign policy towards countries other than China also damages Europe. Notably, Iran is not a big US market but is potentially significant for Europe – the EU stood to gain from lifting of sanctions under the Obama administration’s Iran nuclear weapons deal and is damaged by the Trump administration’s unilateral reimposition of them. The US has also been attempting to get Germany to abandon its Nord Stream 2 gas pipeline, under the Baltic Sea, which guarantees Russian gas supplies to Germany without interference by countries such as Ukraine – and cancelling which would make Germany more dependent on expensive US liquid national gas supplies. Other US policies have less direct but also damaging effects on Europe. In particular, US military action against Iraq, Libya and involvement in the civil war in Syria caused a massive Middle East refugee exodus creating significant problems for Europe – as well as bases for terrorism in European countries. Even leaving aside indirect effects in the Middle East, this combination of US policies – cutting out Huawei, thereby making European 5G delivery slower and more expensive, Iran sanctions, making Germany’s gas supply less secure, and attempting to weaken Europe’s cooperation with China’s rapidly growing economy – all directly hit Europe. As the US has little to offer positively it therefore has to primarily rely on the stick, not the carrot, in relations with Europe. Giving in to such sticks, however, worsens European countries economic position and thereby creates domestic political problems. Consequently, among Europe’s general public the US’s leadership is currently extremely unpopular – the latest European wide Gallup opinion poll showing only 24% approving of the US’s leadership and 59% disapproving. The available US sticks are clear. Western Europe is disunited and weak militarily, unlike Russia, and the US is seen by European governments as crucial for their defence. The US also controls the international financial system and is able to threaten unilateral sanctions – as with Iran. The result of such sharply opposing forces is therefore political conflict in European countries. On one side are those seeking to improve their country’s economic situation, including by cooperation with China, and on the other those favouring giving in to US demands – even if this damages their own country’s economy and therefore its political stability. Given such trends the US has shifted from its traditional policy of general support for the EU to active intervention in domestic affairs of European countries. This can be seen clearly over individual issues – the reported decision by the British government to allow Huawei to participate in the roll out of 5G in the country is openly attacked by pro-Trump politicians and media for example. Even more widely it is seen in overt US hostility to Merkel in Germany, the Trump administration’s support for Brexit, and attempts to block Italy from participating in the BRI. Given the large scale of forces involved on both sides these clashes, which centrally involve Europe’s relations with China, will last for a significant period.

#### Even further, the build act is designed for developing aid in Africa, they give no reason as to why this money would get shifted over to the EU. Its fundamentally not made for countries like Germany and France.

#### Third is their link does not assume the size of the international signal the EU shifting toward China will send. Our evidence does and says that Trump will retaliate instead of trying to help because he perceives the EU joining the BRI as a severance of their alliance

#### Fourth is Trump hates helping other nations because he thinks it hurts his voter base. Instead our Burchard and Toosi evidence from case says that Trump thinks confrontation with foreign nations gets him votes.

### AT: Recessions Inevitable

#### First recessions are not inevitable because The EU economy is set for an economic rebound coming soon as Jan Strupezewski writes in May of this year

Jan Strupezewski, 5-7-2019, “Euro zone economy to rebound next year, but inflation won't accelerate: EU Commission”, Reuters, <https://www.reuters.com/article/us-eurozone-economy-forecasts/euro-zone-economy-to-rebound-next-year-but-inflation-wont-accelerate-eu-commission-idUSKCN1SD1BO>, Date Accessed 7-19-2019, // SDV

The euro zone economy will rebound next year from a slow-down in 2019 and unemployment will fall further, but inflation is likely to stay at this year’s levels and below the European Central Bank’s target, the European Commission said on Tuesday. The European Union’s executive arm said in a quarterly economic forecast for the EU’s 28 countries that euro zone gross domestic product would grow 1.2 percent this year, slower than 1.3 percent seen in February, and well below the 1.9 percent growth in 2018. But it will rebound to 1.5 percent in 2020. Unemployment in 19 countries sharing the euro is to fall to 7.3 percent next year from 7.7 percent expected this year. “In 2020, adverse domestic factors are expected to fade and economic activity outside the EU to rebound, supported by easing global financial conditions and policy stimulus in some emerging economies,” the Commission said.

#### Our evidence is better because it is predictive about the future of the EU economy not just saying the current status will last forever

#### Second even if they win recessions are inevitable, the length and severity is not. Tariffs will push the EU even further into the economic hole nd push millions more into poverty because they will not have the money and US backing to stimulate the economy

### AT: Doesn’t Cause a recession

#### Yes it does our Duesterberg evidence indicate that these 25% Auto tariffs will push an already weak EU economy into a recessionby crippling one of th EU’s most important industries. This recession spills over global as our Heeb evidence indicates that because of the EU’s global interconnections through trade this recession will go global and push 900 million into poverty.

## Examples

#### Audi, BMW, Mercedes, Volkswagen, Volvo, Fiat

## Contention 1 – Agricultural Influence

#### AMI indicates in that the:

AMI, September 2018, https://croplife.org/wp-content/uploads/2018/09/Challenges-Facing-Farmers-and-the-Plant-Science-Industry-in-the-EU-report.pdf, Date Accessed 8-28-2019 // WS

Global agricultural productivity has increased in many continents due to modern agricultural technology. The USA, Brazil and China have seen drastic increases in agricultural productivity due to the adoption of new technologies, such as plant biotechnology and modern crop protection products. Meanwhile, the EU has seen agricultural productivity stagnate. The continued unpredictable political environment will likely lead to further reductions in the availability of crop protection products and biotech seeds in the region, further hampering farmers’ efforts to sustainably increase production. • The cost of innovation has significantly increased over the past decade , while the number of crop protection products has decreased and GM technology is largely not available in the EU. This is driven by an EU regulatory system which is increasingly based on perceived hazard rather than risk, and does not provide the predictability that businesses (both farmers and agrichemical companies) require to operate and innovate effectively. This situation, including the increased time and cost involved in bringing crop protection products as well as imported or cultivated biotech crops to market, also makes the region less attractive as a focus for private companies’ research and development. The EU is also falling behind when it comes to using innovative planting systems involving precision agriculture (digital agriculture). Precision farming has the potential to provide more efficient planting of seed and use of crop protection products, resulting in cost savings and productivity gains for the grower. Further diversion of regulatory standards between the EU and its key trading partners could have a significant impact on trade. Given the EU is reliant on agricultural imports, any regulatory obstacles could have negative implications for EU consumers and farmers. • The EU is dependent on imports, especially for feed. While the EU has a positive trade balance for meat, this would not be possible without imported protein rich feed6, as shown by EU Commission statistics. Moreover, the EU has a trade deficit for several crops and relies on imports from other continents for food. By applying a more consistent and predictable decision-making process and a risk-based regulatory system for crop protection products and biotechnology, the EU can meet its production potential for a sustainable future benefiting consumers and farmers in the EU and abroad. Compared to other major agricultural producers, such as China, the US and Brazil, overall agricultural growth in the EU has been stagnating (Figure 1). The share attributable to agriculture in the GDP of the EU-28 is decreasing. According to Eurostat12, the economic accounts for agriculture show that total agricultural output in the EU stood at €405.0 billion at basic prices in 2016, down by 2.8% compared to 2015 (Figure 2).

#### Unfortunately, Tijssen indicates in 2019 that Chinese influence through the BRI would cause the EU to adopt new innovative agricultural systems – he argues that:

Robert Tijssen, 1-11-2019, "China's Belt and Road Initiative finds new research partners in Europe," No Publication, https://www.natureindex.com/news-blog/chinas-belt-and-road-initiative-finds-new-research-partners-in-europe, Date Accessed 8-28-2019 // WS

[China](https://www.natureindex.com/country-outputs/China) is pouring billions of dollars into establishing land and sea routes to Europe, eastern Africa and the rest of Asia, in what President Xi Jinping has called a rebirth of the ancient Silk Road. The mega-infrastructure project, known as the New Silk Road, or the Belt and Road Initiative (BRI), is revitalizing China’s economic and political ties with countries across the region. But, it is also redefining its research connections with those nations, including in Europe. Here are some early insights into how the Belt and Road is transforming China’s higher-education partnerships and research collaborations in Europe, based on a multi-annual international research project launched in 2018: [The New Silk Road: Implications for higher education and research cooperation between China and Europe](https://www.uu.nl/en/organisation/centre-for-global-challenges/projects/the-new-silk-road). BRI builds on decades of scientific cooperation, which emerged following the adoption of economic reforms introduced by the former leader, Deng Xiaoping, along with the open-door policy. Cooperation was also fostered by the first National Science Conference in 1978 to promote research interactions between China and foreign counterparts. In 1982, the State Council established the China Science and Technology Exchange Centre to link local industry and research communities with their foreign counterparts. The first cooperation agreement between China and the [European Commission](https://www.natureindex.com/institution-outputs/belgium/european-commission-ec/52e85f52140ba0020a000000) was signed in 1998. While these policies have long been focussed on bolstering China’s own science system, which had significantly weakened under former premier, Mao Zedong, BRI provides a new context. China is positioning itself as a regional leader and a more equal partner for Europe in a specific range of science and technology fields. And it has the funds and output to prove it. The country has made headway in the area of artificial intelligence, and recently became the first nation to [land a probe on the far side of the moon](https://www.nature.com/articles/d41586-018-07796-x). The expanding trade routes have especially spurred scientific partnerships between China and smaller European nations, such as [Latvia](https://www.natureindex.com/country-outputs/Latvia). New incentives and growth prospects are unfolding, especially since the announcement in 2013 of the Belt and Road Initiative. The government has committed between US$150 billion and US$1 trillion to the project, to build bridges, freeways, pipelines, rails and ports from Piraeus, [Greece](https://www.natureindex.com/country-outputs/Greece) to Ulaanbaatar, [Mongolia](https://www.natureindex.com/country-outputs/Mongolia). Higher education cooperation was introduced to the Belt and Road agenda at the Euro-Asia Economic Forum 2015 in Xi’an. Leading Chinese universities were encouraged and funded to establish Belt and Road Institutes, think tanks, and conferences to explore new alliances inspired by the initiative. A prominent example is the [University Alliance of the New Silk Road](http://uasr.xjtu.edu.cn/info/1052/1033.htm) led by [Xi’an Jiao Tong University](https://www.natureindex.com/institution-outputs/china/xi-an-jiaotong-university-xjtu/513906bc34d6b65e6a0003b1), which now involves more than 100 universities across five continents, including more than a dozen members from [Russia](https://www.natureindex.com/country-outputs/Russia) and Western Europe. A China–Europe minister-level conference followed in October 2016, aimed at strengthening cooperation between the ancient silk road trading partners. In May 2017, China published its Belt and Road technology and science innovation action plan, pushing for more cooperation in areas such as digital economy, artificial intelligence, nanotechnology, and quantum computing. It included plans to advance the development of big data, cloud computing and smart cities, and offered to sponsor 2,500 young scientists for short-term research visits to China, train 5,000 foreign scientists, engineers and managers, and set up 50 joint laboratories. In June 2017, China and Europe held their third innovation dialogue (the first was in 2013), discussing collaboration under Europe’s €80 billion (US$91 billion) funding programme, Horizon 2020. It resulted in a roadmap for partnership through flagship initiatives (in food, agriculture and bio-economy, environment, climate and sustainable urbanisation, aviation, biotechnologies and biomaterials, and surface transport ) and key priority areas (peaceful use of nuclear energy, non-nuclear energy, information and communications technology, space research and the geosciences). EU-China research cooperation is now, more strictly than in the past, allocated on an equal basis under the renewed Co-funding Mechanism, with each side spending 200 million renminbi (US$29 million), or €26 million, annually from 2018 to 2020. The mechanism was first launched in 2015 to support joint research and innovation projects under the Horizon 2020 framework. Exporting science These new Sino–European science initiatives are bolstering research collaboration between emerging trade partners. An analysis of jointly authored research publications in the Web of Science database shows that China’s collaboration with researchers based in other countries has grown significantly since 2014. Worldwide, more than 36% of China’s research publications now also include an international co-author. Chinese research cooperation activities seem to be targeting specific areas. Most of the growth in China–Latvia bilateral co-publications are in the field of physics and materials science. The same field, as well as cooperation in clinical medicine, is driving the high bilateral co-publication growth rates in the other top five European countries. The rise of China is one of many factors that continuously shape and drive Europe’s science and higher education systems. But the speed at which China has been changing from an emerging player to an equal partner, and a serious competitor, demands that Europe adapt and respond to grasp the resulting challenges and opportunities.

#### The impact is that intensive agricultural systems speed up climate change – GRAIN indicates in February 2019 that:

GRAIN, February 2019, “The Belt & Road Initiative: China agribusiness going global,” <https://www.grain.org/en/article/6133-the-belt-and-road-initiative-chinese-agribusiness-going-global>, Date Accessed 9-1-2019 // JM

BRI's model of infrastructure-driven economic growth is based on grabbing large areas of land and territory to convert to economic corridors. This necessarily involves the loss of forests, ecosystems, traditional livelihoods and biodiversity. What's more, all of BRI's projects are high carbon-emitting initiatives: from building new roads, railway lines and ports in the Pacific and Indian Oceans to creating oil and gas pipelines to Russia, Kazakhstan and Myanmar to setting up plantations, large-scale farms and processing zones across Asia and possibly Africa. While it pledges to cut coal use at home, China is opening new mines and building several large-scale coal power plants abroad: in Pakistan alone, Chinese coal investments reach more than US$10 billion.[[15]](https://www.grain.org/en/article/6133-the-belt-and-road-initiative-chinese-agribusiness-going-global" \l "_ftn15" \o ") According to The Financial Times, BRI energy projects focus “disproportionately” on fossil fuels: “If new energy infrastructure investments in BRI countries follow patterns similar to the average emissions intensity observed in these countries in the past, roughly three quarters of the global energy-related carbon budget compatible with the Paris Agreement will be consumed by 2040.”[[16]](https://www.grain.org/en/article/6133-the-belt-and-road-initiative-chinese-agribusiness-going-global" \l "_ftn16" \o ") An environmental assessment of BRI projects in Myanmar shows that forest degradation is another major risk from projects like the oil and gas pipeline from the Rakhine coastline up to China’s Yunnan province, the US$10 billion Kyaukphyu Special Economic Zone, and associated roads and railways.[[17]](https://www.grain.org/en/article/6133-the-belt-and-road-initiative-chinese-agribusiness-going-global" \l "_ftn17" \o ") Widespread deforestation in Myanmar due to these projects could impact 24 million people, with farmers most affected. Deforestation has also been cited as a cause of the landslides and floods that occurred in Myanmar in 2015, which led to the salinisation of valuable rice paddy land. Lastly, most of the agriculture projects being developed under BRI are industrial and export-oriented. The industrial food system is already responsible for up to half of global greenhouse gas emissions. [[18]](https://www.grain.org/en/article/6133-the-belt-and-road-initiative-chinese-agribusiness-going-global" \l "_ftn18" \o ") The World Bank says that emissions from agriculture and food could account for as much as 70% of the greenhouse gas emissions the world can emit while still having a likely chance of limiting dangerous global temperature rise. Given its focus on expanding industrial agriculture and food trade, BRI could potentially accelerate the world into climate disaster even faster than experts predict.

#### The impact of increasing emissions is disastrous. By reducing crop yields and intensifying natural disasters, Dell of Harvard in 2012 quantifies that each 1 degree increase in global temperatures reduces per-capita income in poor countries by 8%, and long-term economic growth by 1.3%.

# OLD SHIT

#### The European Union has done a pretty good job staying out of Trump’s trade tirades as Jana Randow indicated in August:

Jana Randow, 8-16-2019, “Europe Just Reminded Trump Why He’s Mad at Them on Trade,” Bloomberg News, <https://www.bloomberg.com/news/articles/2019-08-16/trade-war-latest-trump-eu-tariffs-exports-europe-germany-jze03wnr>, Date Accessed 9-3-2019 // JM

If U.S. President Donald Trump wants to [heave more trade threats](https://www.bloomberg.com/news/articles/2019-03-07/eu-urges-trump-to-lift-tariffs-so-allies-can-cooperate-on-china) at the European Union, a fresh batch of numbers just gave him a reason. Figures published on Friday show that the EU’s trade surplus with the U.S. stood at almost 75 billion euros ($83 billion) in the first half of 2019, up more than 11% from a year earlier. While exports to America have consistently outpaced imports, the difference between them has steadily increased: A decade ago Europe’s bilateral surplus with the U.S. was a mere 18.7 billion euros. Another highlight may catch the eye of a leader who sees trade deficits as a sign of weakness: Germany’s surplus is by far the largest in the bloc. Total exports outweighed imports by 112 billion euros from January through June. While the surplus for shipments within the EU narrowed by about a third compared to the previous year, it remained steady at 88 billion euros for business with countries outside the bloc. Europe, and [Germany in particular](https://www.bloomberg.com/news/articles/2019-08-02/trump-announces-german-car-tariffs-but-adds-i-m-only-kidding), has already attracted the ire of the U.S. president. The continent withstood Trump’s [aluminum and steel tariffs](https://www.bloomberg.com/news/articles/2018-11-21/trump-s-steel-aluminum-tariffs-to-be-investigated-by-wto-panel). He’s said he could label German cars a risk to national security and impose tariffs on auto imports. And he’s threatened France over that country’s [new digital tax](https://www.bloomberg.com/news/articles/2019-07-26/trump-threatens-france-with-reciprocal-action-for-digital-tax). Speaking in New Hampshire last night, Trump repeated his [frustration](https://twitter.com/realDonaldTrump/status/1162171796709265408). “The European Union is worse than China, just smaller. It treats us horribly.” Yet so far, the biggest headwind to European trade — and that’s key to its economy because exports make up some 46% of the bloc’s total output — has come from a conflict on the other side of the world. A recent study by Germany’s Kiel Institute found that the EU, Canada and Mexico might face [a more severe hit](https://www.bloomberg.com/news/articles/2019-08-09/pain-from-u-s-china-tariffs-felt-more-elsewhere-study-shows) from the tariffs the U.S. and China have imposed on each other than the two countries themselves. That’s because products subject to import levies are often processed as intermediate goods and then shipped elsewhere, resulting in more expensive end products. As much as Europe would like to stay out of the tussle that’s preoccupied the world’s two largest economies for more than a year, it’s too late for that. It’s already [caught in the middle](https://www.bloomberg.com/news/articles/2019-08-14/german-economy-contracts-as-trade-tensions-take-toll-on-industry).

#### And if the EU is not careful, Trump could place a new round a tariffs on them – David Alexander explains in August that:

David Alexander, 8-2-2019, “Trump says auto tariffs never off the table in EU trade talks”, <https://www.reuters.com/article/us-usa-trade-europe-autos/trump-says-auto-tariffs-never-off-the-table-in-eu-trade-talks-idUSKCN1US2F7>, Date Accessed 9-3-2019 // JM

President Donald Trump on Friday blasted the European Union for its use of trade barriers and revived his threat to impose U.S. tariffs on European automobiles if he does not see progress in stalled negotiations between the longstanding partners. Trump made the comments shortly after signing a deal to sell more U.S. beef to Europe, an event at which he startled participants by joking that his administration was working “on a 25% tariff on all Mercedes-Benz and BMWs coming into our nation”. He then said he only kidding. “The EU has tremendous barriers to us,” Trump told reporters later at the White House. “They’re very, very difficult.” Trump said the threat of auto tariffs may have helped move the EU toward accepting the beef deal, but auto tariffs remain an option. “Auto tariffs are never off the table,” Trump said. “If I don’t get what we want, I’ll put auto tariffs. ... If I don’t get what I want, I’ll have no choice but maybe to do that. But so far they’ve been very good.” EU officials have said they are eager to work with the United States to reform the World Trade Organization (WTO) and rein in China’s behavior on world markets, but would retaliate if Washington makes good on its threat to raise car tariffs. Sabine Weyand, the European Commission’s director general of trade, last month said Brussels would not be bullied by the threat of car tariffs, which it views as illegal under WTO rules. Negotiators for Brussels and Washington have been meeting since Trump and then-European Commission President Jean-Claude Juncker agreed to ease trade tensions last year, but have made little progress and remain at odds over the scope of the talks. The United States wants agricultural products included in a broader trade deal, but the EU has said its mandate from member countries does not include that area. Germany’s coordinator for transatlantic ties, Peter Beyer, said the beef agreement shows progress is possible when both sides work together constructively, and called for fresh efforts to reach a broader trade deal. “I urge the United States to now, finally, begin serious negotiations to reach an industrial tariff agreement” he said in a statement.

#### Sophie and I negate and our sole contention is protecting the EU economy

#### The EU economy is set for an economic rebound coming soon as Jan Strupezewski writes in May of this year

Jan Strupezewski, 5-7-2019, “Euro zone economy to rebound next year, but inflation won't accelerate: EU Commission”, Reuters, <https://www.reuters.com/article/us-eurozone-economy-forecasts/euro-zone-economy-to-rebound-next-year-but-inflation-wont-accelerate-eu-commission-idUSKCN1SD1BO>, Date Accessed 7-19-2019, // SDV

The euro zone economy will rebound next year from a slow-down in 2019 and unemployment will fall further, but inflation is likely to stay at this year’s levels and below the European Central Bank’s target, the European Commission said on Tuesday. The European Union’s executive arm said in a quarterly economic forecast for the EU’s 28 countries that euro zone gross domestic product would grow 1.2 percent this year, slower than 1.3 percent seen in February, and well below the 1.9 percent growth in 2018. But it will rebound to 1.5 percent in 2020. Unemployment in 19 countries sharing the euro is to fall to 7.3 percent next year from 7.7 percent expected this year. “In 2020, adverse domestic factors are expected to fade and economic activity outside the EU to rebound, supported by easing global financial conditions and policy stimulus in some emerging economies,” the Commission said.

#### Unfortunately the EU joining the BRI crushes the EU economy through tariffs

#### Recently Trump has delayed talks of imposing EU auto tariffs in favor of further trade talks as Sam Meredith reports in 2019 that

Sam Meredith, 5-23-19, “Trump car tariffs would be a ‘first-order slap in the economic face,’ Citi’s Buiter says,” CNBC, https://www.cnbc.com/2019/05/23/trump-car-tariffs-would-be-a-first-order-slap-in-the-economic-face-citis-buiter-says.html, Date Accessed 7-21-2019 // WS

However, Trump stopped short of imposing auto tariffs last week, choosing instead to delay the decision for as long as six months to allow for more time for trade talks with the [European Union](https://www.cnbc.com/european-union/) and [Japan](https://www.cnbc.com/japan/). “If we get in a position of tariffs under the section 232 act that the U.S. is threatening with, for which it has given a reprieve until November, then that would be serious,” Willem Buiter, special economic adviser at Citi, told CNBC’s “Squawk Box Europe” on Thursday. “That would mean tariffs for car imports, for car parts imports, and that would hit Germany the most of any of the large industrial nations. That would be a first-order slap in the economic face,” he added.

#### Unfortunately, Noah Barking explains that when the EU joins the BRI and shifts their geopolitical alliance away from the US and toward China,

Noah Barkin, 6-4-2019, “The US is losing Europe in its battle with China”, The Atlantic, <https://www.theatlantic.com/international/archive/2019/06/united-states-needs-europe-against-china/590887/>, Date Accessed 7-19-2019, // SDV

But conversations I had with dozens of officials on both sides of the Atlantic—many of whom requested anonymity to talk about diplomatic and intelligence issues—suggest that instead of coming together, Europe and the U.S. might be in the early stages of a damaging divergence on the China challenge. Trump’s latest moves, which raise the specter of a prolonged economic Cold War between Washington and Beijing, are likely to deepen the divide, taking the U.S. down a path that is unpalatable for even the hardest of European hard-liners. “If you listen to the people in the Trump administration, who view China as an existential threat, they are not in a place most Europeans can get to,” says Evan Feigenbaum, who held senior Asia-focused roles in the State Department during George W. Bush’s presidency and is now at the Carnegie Endowment for International Peace. The dissonance raises the prospect of a Western split on what both sides agree is likely to be the biggest geopolitical challenge of the 21st century—responding to the rise of an authoritarian China. A series of meetings in recent months, and the disparate ways in which they were interpreted by either side, illustrate the widening chasm. The European diplomat who discussed the April meeting likened Washington’s uncompromising stance on Belt and Road to its position on the Asian Infrastructure Investment Bank (AIIB) a few years prior. Back then, the United States, under President Barack Obama, [failed to convince allies](https://www.vox.com/2015/4/1/8311921/asian-infrastructure-investment-bank) to join a boycott of the new China-led development bank, leaving the Americans embarrassed and isolated. U.S. officials, by contrast, point to talks months before the meeting in Foggy Bottom, when Washington was pushing for a joint declaration denouncing human-rights abuses in Xinjiang, the western Chinese region where more than a million members of the Muslim minority have been detained in reeducation camps. That effort was also abandoned after what U.S. officials described as an exasperating back-and-forth with the European Union and individual member states. Among the American officials I spoke with, there [is] was an air of what felt like panic—over what they saw as the global spread of Chinese influence through Xi’s Belt and Road initiative, the lack of [an American alternative to Huawei](https://www.csis.org/analysis/how-5g-will-shape-innovation-and-security), and the persistent failure of the World Trade Organization to tackle China’s unfair trade practices. One senior administration official likened discussions of China policy to the period after the 9/11 attacks. Inevitably, this person said, there will be an “overreaction” from Washington, with “collateral damage” for other countries, before U.S. policy settles down. In Brussels, senior officials are comparing the Trump administration’s China policy to Brexit. Both, they say, are based on the deluded notion that a fading great power can reverse the course of history and return to its glorious past.

#### Vasilis Trigkas furthers in 2018 that if trade negotiations accelerate between China and the EU

Vasilis Trigkas, 6-6-18, "Nato, China summits a chance for Europe to assert itself," South China Morning Post, https://www.scmp.com/comment/insight-opinion/united-states/article/2153948/nato-and-china-summits-give-europe-chance, Date Accessed 8-27-2019 // WS

In Beijing, EU leaders may have a seemingly easier task negotiating with the Chinese on [trade](http://www.scmp.com/topics/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 a 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. Any benefits from a bilateral investment treaty with China may be undone by a full-scale transatlantic trade war and an utterly divided West. The EU should thus only accept a transparent deal with China, making investment relations reciprocal and balanced without alienating Washington. Chinese companies enjoy easy access to funding by [state-owned](http://www.scmp.com/topics/state-owned-enterprises) banks and are able to increase financial leverage and competitively bid for the EU’s crown jewels. European companies have no similar capacity, and the EU has no screening mechanism to deter such activities. The bilateral investment treaty should thoroughly and bindingly address these issues. Such a balanced China-EU treaty could even serve as a model for a prospective commercial rapprochement between Beijing and Washington.

#### This is bad because Thomas Duesterberg elaborates that

Thomas Duesterberg, 4-5-2019, "Trans-Atlantic Trade Is Headed Toward Disaster," Foreign Policy, http://webcache.googleusercontent.com/search?q=cache:wj2zcclEw\_sJ:https://foreignpolicy.com/2019/04/05/trans-atlantic-trade-is-headed-toward-disaster/&amp;hl=en&amp;gl=us&amp;strip=1&amp;vwsrc=0, Date Accessed 7-18-2019 // WS

After an Oval Office meeting last month between U.S. President Donald Trump and Irish Prime Minister Leo Varadkar, Trump took a hard line on trade with the European Union. “We’re going to tariff a lot of their products,” he [said](https://www.ft.com/content/ce0cc7ea-4678-11e9-a965-23d669740bfb), unless Europe compromises on long-standing trade issues. U.S. Trade Representative Robert Lighthizer, responding to pressure from Congress, added that the trade agreement between Washington and Brussels would be a “dead letter” absent the inclusion of agricultural issues. On the European side, however, trade commissioner Cecilia Malmstrom reiterated the refusal to include any discussion of agriculture in these talks. Moreover, the European Parliament failed to endorse the proposed European Commission mandate for negotiations, and both institutions mulled banning all talks until the United States rejoined the Paris climate accord, a position that French President Emmanuel Macron has advanced. The French also blocked the adoption of a negotiating mandate in late March. Unless both sides reconsider their intractable positions, and Malmstrom gets approval to open talks, an impatient Trump could impose 25 percent auto tariffs. Such a move would likely put the already weak European economy into a recession and cause a breakdown in trans-Atlantic economic cooperation, which has been a pillar of the global economic order since the Bretton Woods system was established in 1944. The EU [enjoys](https://www.census.gov/foreign-trade/balance/c0003.html) a nearly $170 billion merchandise trade surplus with the United States, of which Germany alone accounts for some $70 billion. In some part, this represents trade benefits built up by Europe over time as the United States assisted it in regaining economic vitality after World War II, which were never relinquished despite continued U.S. efforts over many decades. This is certainly irritating to Trump. The EU maintains agricultural tariffs well above those of the United States and has employed restrictions on U.S. exports such as chicken, genetically modified crops, hormone-treated beef, and a wide variety of dairy products. It maintains a 10 percent tariff on imported automobiles and parts, subsidizes its commercial aviation sector, deploys competition policy, and threatens new tax measures to punish U.S. technology and financial firms. It circles wagons around the auto industry in spite of its blatant cheating on emission standards. It is slow to correct problems when the United States wins relief through the dispute settlement system of the World Trade Organization (WTO). Europe also has not been especially helpful to the United States in mounting a serious challenge to Chinese mercantilist practices. 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.

#### This is problematic as Duesterberg concludes that

Thomas Duesterberg, 4-5-2019, "Trans-Atlantic Trade Is Headed Toward Disaster," Foreign Policy, http://webcache.googleusercontent.com/search?q=cache:wj2zcclEw\_sJ:https://foreignpolicy.com/2019/04/05/trans-atlantic-trade-is-headed-toward-disaster/&amp;hl=en&amp;gl=us&amp;strip=1&amp;vwsrc=0, Date Accessed 7-18-2019 // WS

After an Oval Office meeting last month between U.S. President Donald Trump and Irish Prime Minister Leo Varadkar, Trump took a hard line on trade with the European Union. “We’re going to tariff a lot of their products,” he [said](https://www.ft.com/content/ce0cc7ea-4678-11e9-a965-23d669740bfb), unless Europe compromises on long-standing trade issues. U.S. Trade Representative Robert Lighthizer, responding to pressure from Congress, added that the trade agreement between Washington and Brussels would be a “dead letter” absent the inclusion of agricultural issues. On the European side, however, trade commissioner Cecilia Malmstrom reiterated the refusal to include any discussion of agriculture in these talks. Moreover, the European Parliament failed to endorse the proposed European Commission mandate for negotiations, and both institutions mulled banning all talks until the United States rejoined the Paris climate accord, a position that French President Emmanuel Macron has advanced. The French also blocked the adoption of a negotiating mandate in late March. Unless both sides reconsider their intractable positions, and Malmstrom gets approval to open talks, an impatient Trump could impose 25 percent auto tariffs. Such a move would likely put the already weak European economy into a recession and cause a breakdown in trans-Atlantic economic cooperation, which has been a pillar of the global economic order since the Bretton Woods system was established in 1944. The EU [enjoys](https://www.census.gov/foreign-trade/balance/c0003.html) a nearly $170 billion merchandise trade surplus with the United States, of which Germany alone accounts for some $70 billion. In some part, this represents trade benefits built up by Europe over time as the United States assisted it in regaining economic vitality after World War II, which were never relinquished despite continued U.S. efforts over many decades. This is certainly irritating to Trump. The EU maintains agricultural tariffs well above those of the United States and has employed restrictions on U.S. exports such as chicken, genetically modified crops, hormone-treated beef, and a wide variety of dairy products. It maintains a 10 percent tariff on imported automobiles and parts, subsidizes its commercial aviation sector, deploys competition policy, and threatens new tax measures to punish U.S. technology and financial firms. It circles wagons around the auto industry in spite of its blatant cheating on emission standards. It is slow to correct problems when the United States wins relief through the dispute settlement system of the World Trade Organization (WTO). Europe also has not been especially helpful to the United States in mounting a serious challenge to Chinese mercantilist practices. 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.

#### And since the EU’s economy is interconnected across the globe this recession would go global as Gina Heeb explains that

Heeb, Gina. “Trump's proposed car tariffs could trigger a global growth recession, BAML says.” Market Insider. February 1 2019.//GG

<https://markets.businessinsider.com/news/stocks/trump-tariffs-cars-could-trigger-global-growth-recession-baml-2019-2-1027973273>

**President Donald Trump has doubled down on threats to levy duties on car imports from Europe, a move that analysts warn could lead the world economy toward a sharp downturn in growth.** "If we don't do the deal, we'll do the tariffs," the president said Wednesday of broader negotiations with the European Union. His administration has wielded protectionist policies in an effort to win concessions from trading partners. A Commerce Department report submitted to the White House this week was widely expected to present auto imports as a threat to national security, giving Trump 90 days to decide whether to follow through with threats to impose import taxes of 20% to 25% on vehicles and parts. While that could benefit some American automakers and reduce bilateral trade deficits, it would also risk adding thousands of dollars to the price of vehicles, and raises the threat of retaliatory duties that could worsen global trade tensions. "In a worst case scenario, **full­blown tit­for­tat auto tariffs could trigger a global recession**," analysts at Bank of America Merrill Lynch wrote in a research note out this week, adding **they would expect growth in the world economy to fall nearly** a percentage point to **1.2%**. By increasing the price of vehicles and imported materials, they could threaten jobs, consumer spending, and investment. The analysts estimated that they would add $2,000 to $7,000 to price tags of both imported and American-made vehicles, posing even greater risks than the global trade tensions that emerged last year.

#### The impact of preventing this recession is massive as Harry Bradford writes that the next

Harry Bradford, 4-5-2013, "Three Times The Population Of The U.S. Is At Risk Of Falling Into Poverty," HuffPost, <span class="skimlinks-unlinked">https://www.huffpost.com/entry/global-poverty-900-million-economic-shock\_n\_3022420</span>, Date Accessed 7-28-2019 // WS

Economic Shock Could Throw 900 Million People Into Poverty, IMF Study Warns A recent study by the International Monetary Fund warns that [as many as 900 million people could fall back into poverty](http://www.imf.org/external/np/pp/eng/2013/031413.pdf) in the event of an economic shock like the Great Recession. That figure is three times the size of the U.S. population.

## Frontlines

#### The impact is that higher unemployment rates decrease the productivity of economic growth. David Castells-Quintana quantifies that:

David Castells-Quintana & Vicente Royuela, 6-27-2012, “Unemployment and long-run economic growth: The role of income inequality and urbanization,” Investigaciones Regionale, Pages 153-173, <https://pdfs.semanticscholar.org/2989/6fce3c9629d5cba05e28569f8c4f808f494e.pdf>, Date Accessed 9-3-2019 // JM

Results suggest, therefore, that higher unemployment, when associated to in-creasing inequality, has a negative effect on subsequent long-run economic growth 10. Employment is at the core of recovery and long-run growth. And it is so in particular because high and persistent unemployment most probably leads to increasing in-equalities that erode growth capacities. On the contrary, when inequality decreases and this decrease is coupled with large unemployment levels, we understand that this relationship could be associated to the early stages of development, when urbanisa-tion is still taking place and high unemployment levels are due to a strong inflow of workers to the cities (as in Harris and Todaro, 1976, and Rauch, 1993). In any case, in our sample we did not find any country with the concurring circumstances of strong inequality decreases and high unemployment levels. However, we did find the opposite situation, i.e. increases in inequality linked to increases in unemploy-ment. Overall, our results point to a strong negative impact of increasing inequality in association with high levels of unemployment: the third quartile of this interaction etween the two variables (UE\_MEAN equal to 11.065 and ∆INEQUALITY equal to 4) implies a decrease in GDP per capita of 3.8% over the 17 years considered.

## FDI

### AT: It Creates Jobs

#### First, It might create jobs for people at the top but our Lall evidence shows that FDI empirically increases income inequality showing that the benefits don’t trickle down and actually hurts the most in need

#### Unfortunately, the BRI crushes the EU economy in three ways

## Subpoint A is Industrial Dumping

#### By connecting economies and forcing increased interdependence the EU joining the BRI will facilitate a rapid increase in Chinese export dumping into the EU as Nicola Cararini writes in 2015 that

Cararini, Nicola. “Is Europe to Benefit from China’s Belt and Road Initiative?” Instituto Affari Internazionali. October 2015.

There are growing concerns in Europe that **through the Belt and Road initiative, China seeks to tackle industrial overcapacity at home by dumping or exporting goods priced below production costs, risking thus to bring entire industrial lines across Europe to their knees.** If the EU were to designate China as a “market economy,” it would then be impossible for Brussels to strike back against unfair export practices with countervailing tariffs. There is growing resistance in Europe from manufacturing industries that see themselves as vulnerable, and the EU –together with the US – may be tempted to resist granting China “market economy status.”

#### The impact is massive as Jaimie Dettmer writes in 2019 that

Dettmer, Jaimie. “China's New Silk Road May Hurt Italian Workers, Analysts Say.” VOA. March 22 2019. <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. Such a scenario, they caution, could have a ruinous impact on domestic Italian producers and workers**. "If trade does take off significantly, it might be a matter of short-term gain, but long-term pain," one official told VOA. 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. Several of the EU's smaller cash-strapped nations have also signed up in the past two years to China's BRI, hoping that by doing so their economies will be boosted. Italy slipped into recession last year and its debt levels are among the highest in Europe. The populist coalition government came to power in June 2018 with high-spending plans, promising expensive pension reforms and a living wage for all Italians. Italian ministers favoring BRI accuse other large EU countries, including France, which is critical of the BRI, of hypocrisy, saying they conduct multi-million-dollar deals anyway with China albeit outside the framework of the New Silk Road initiative. "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. But some Italian officials worry that view might be short-sighted. 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. Other recent academic studies have noted that **the regions of the U.S. and Europe most impacted by trade with China are the ones which in recent elections and plebiscites have backed populist candidates and nationalist causes like Brexit, support fueled by anger at the effects of globalization**. Brexit is Britain's decision to leave the European Union. "**Ironically, looking to Beijing for an economic boost and to alleviate economic deprivation could well hurt the workers and businesses who backed populists in the first place and who the populists want to help** — Salvini gets that, but the rest of the coalition doesn't," observed an Italian official.

**Empirically proven with Italy as Dettmer continues that the BRI**

Dettmer, Jaimie. “China's New Silk Road May Hurt Italian Workers, Analysts Say.” VOA. March 22 2019. <https://www.voanews.com/europe/chinas-new-silk-road-may-hurt-italian-workers-analysts-say>

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#### Christian On quantifies the impact in 2016 that the

Christian On, 2-16-2016, "THE CHINESE DUMPING REALITY," <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.**

## Subpoint B is Foreign Direct Investment or FDI

#### Right now Fdi is on the decline in Europe as Anca Alexe writes in May that

Anca Alexe, 5-6-2019, "Foreign direct investment in Europe sees first decline in six years," Business Review, http://business-review.eu/investments/foreign-direct-investment-in-europe-sees-first-decline-in-six-years-201878, Date Accessed 7-10-2019 // WS

Foreign direct investment in Europe sees first decline in six years. Foreign direct investment **(FDI) in Europe has fallen by 4 percent in the past year** to 6,356 projects, **marking the first decline of the past six years**, according to EY’s European

#### Since the BRI increase connectivity and makes foreign investment seems more appealing Michele Ruta writes this year that

Michele Ruta, 2019, “Belt and Road Economics: Opportunities and Risks of Transport Corridors”, World Bank Group, https://openknowledge.worldbank.org/bitstream/handle/10986/31878/9781464813924.pdf , Date Accessed 7-9-2019, // SDV

Longer shipping times constitute a barrier to FDI flows, limiting the ability of countries to trade, thus reducing the value of the location as an export base (see chapter 1). The proposed BRI transport network is expected to lead to a 4.97 percent increase in total FDI flows to Belt and Road corridor economies—a 4.36 percent increase in FDI flows within BRI, a 4.63 percent increase in FDI flows from OECD countries, and a 5.75 percent increase in FDI flows from non-Belt and Road countries. **Across regions, the proposed BRI transport network could increase FDI flows to corridor economies in** East Asia and Pacific by 6.3 percent, **Europe by 3.7 percent**, and Central Asia by 7.3 percent, in Middle East and North Africa by 3.4 percent, South Asia by 5.2 percent, and Sub-Saharan Africa by 7.5 percent (figure 2.4). Reductions in trading time are estimated to have especially large impacts on low and lower middle income economies—with estimated FDI increases of 7.6 and 6.0 percent respectively

#### This is disastrous as Frank

Frank Bickenbach, 12-4-2018, " Chinese Direct Investment in Europe – Challenges for EU FDI Policy," No Publication, <https://www.ifo.de/DocDL/CESifo%20Forum-2018-4-bickenbach-liu-chinese-FDI-december.pdf>, Date Acccessed: 7-21-19 // MN

A second economic concern is that unrestricted FDI by Chinese companies in Europe could exacerbate ‘unfair competitive advantages’ that politically protected and subsidised Chinese companies have over European companies. China is still restricting FDI in many sectors of its economy and many Chinese companies (not just state-owned enterprises) benefit from government subsidies and multiple other political privileges. Through FDI in Europe, these subsidised firms are now competing head-to-head with European firms on European markets too, thereby, extending their unfair competitive advantages over European firms (Hanemann and Huotari 2015). Foreign acquisitions by subsidised Chinese companies can also lead to distortions in the allocation of capital. This is the case, for instance, when a Chinese company can outbid a European company in acquiring another European company, not because it can use the assets of the target company more efficiently, but because it enjoys political advantages in China (Hanemann and Huotari 2015). Political concerns over Chinese FDI into the EU relate, in particular, to the fear that China could use the promise to increase; or the threat to withhold or withdraw FDI to pressure host governments to act in line with China’s ideas on political issues that are particularly important for the Chinese government (One-China policy, Tibet, human rights in China). In the past, China has repeatedly demonstrated its willingness to use its economic power to exert political pressure on other countries, or to punish them for political decisions that violate China’s political interests – with some success.7 National security concerns over specific types of inward FDI are not new and are not restricted to FDI from China.8 There are, however, several reasons why security concerns may be particularly relevant for FDI from China. Unlike most other large source countries of FDI into Europe, China is not a security ally of EU member states. It is a rising superpower with a rapidly modernising army, and with increasing geopolitical ambitions and declared foreign policy goals that are often at odds with those of European countries and their allies in North America and Asia. Security concerns, particularly related to the leakage of militarily sensitive technology, are exacerbated by China’s past violations of export control regulations and the transfer of sensitive technologies to regimes such as Iran, North Korea or Pakistan. Apparent cases of Chinese economic and political espionage and cyber penetration reinforce this distrust. As with economic concerns, national security concerns about Chinese FDI are aggravated by the opaque involvement of the Chinese government in these investments, which leaves some doubt as to their ultimate rationale (Meunier forthcoming; Hanemann and Rosen 2012).

#### This is why Karen Baker writes that

Karen Baker (Economic Policy Institute). DOES FOREIGN DIRECT INVESTMENT CROWD OUT DOMESTIC ENTREPRENEURSHIP. Accessed 2/15/2017. Published 5/12/2013. <http://www.econ.upf.edu/docs/papers/downloads/618.pdf>.

The results in table 3 support the hypothesis that international competition hinders the formation of domestic entrepreneurs. The negative and significant coefficients of IMPGROWTH and FORENTRY clearly suggest that **import competition and the inflow of FDI have a negative effect on the entry of domestic entrepreneurs. Strong import competition causes prices to fall on product markets and discourages domestic entrepreneurs to enter the shrinking the domestic market.** The immediate negative effect of import competition on domestic entry is -0.091 (-0.099\*0.921) while the total effect through the partial adjustment process is -0.131 (-0.099\*0.921/0.695). The negative effect of foreign entry is significantly larger, suggesting that **the inflow of FDI impedes the entry of domestic entrepreneurs because of stronger competition on the product market as well as skimming off the (best) workers on the labor market.** The immediate effect of foreign entry is -0.214 (= -0,237\*0,921), while the total response of domestic entry on foreign entry is -0.702 (= -0,237\*0,921/0,305). As the coefficients can be interpreted as elasticities, **an extra FDI inflow of 10% would then cause**, ceteris paribus, **the entry rate of domestic firms to fall with 7% in the long run**. The insignificant coefficient of FOREXIT suggests that new domestic firms do not easily replace foreign firms leaving Belgium.

**The results for the domestic exit-equation also support the crowding out effect of domestic firms** by foreign firms and to a lesser extent by import competition. The positive coefficient of FORENTRY demonstrates that **the inflow of FDI forces domestic entrepreneurs to exit, because of lower prices on product markets and/or higher wages on the labor market** (encouraging domestic entrepreneurs to become wage workers). The positive albeit insignificant coefficient of FOREXIT in this equation may reflect that the exit of foreign firms directly results in the exit of domestic supplying/buying firms, however further evidence is necessary in order to validate this explanation.

#### She quantifies that due to this domestic crowd out effect

Karen Baker (Economic Policy Institute). DOES FOREIGN DIRECT INVESTMENT CROWD OUT DOMESTIC ENTREPRENEURSHIP. Accessed 2/15/2017. Published 5/12/2013. <http://www.econ.upf.edu/docs/papers/downloads/618.pdf>.

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#### In Fact Lall of the IMF quantifies that every one standard deviation increase in FDI increases income inequality 2.7 percent.

Subir Lall (International Monetary Fund). Rising Income Inequality: Technology, or Trade and Financial Globalization? Accessed 2/5/2017. Published 2008. <https://books.google.com/books?id=LeANT4Lk3RAC&pg=PA11&lpg=PA11&dq=These%2Bsuggest%2Bindeed%2Bthat%2BFDI%2Bmostly%2Btakes%2Bplace%2Bin%2Brelatively%2Bhigher%2Bskill-%2Band%2Btechnology-%2Bintensive%2Bsectors%2C%2Band%2Bthereby%2Bincreases%2Bthe%2Bdemand%2Bfor%2Band%2Bwages%2Bof%2Bmore%2Bskilled%2Bworkers.%2BMost%2Bof%2Bthe%2Bcontrol%2Bvariables%2Bare%2Balso%2Bfound%2Bto%2Bbe%2Bstatistically%2Bsignificant%2Band%E2%80%94except%2Bfor%2Bthe%2Beducation%2Bvariables%E2%80%94these%2Bestimates%2Bare%2Bgenerally%2Brobust.%2BFirst%2C%2Btechnological%2Bprogress%2Band%2Bdomestic%2Bfinancial%2Bdeepening%2Bboth%2Bsignificantly%2Bincrease%2Binequality.15%2BThese%2Beffects%2Bare%2Bin%2Bline%2Bwith%2Bthe%2Bdiscussion%2Babove%2Bthat%2Btechnological%2Bprogress%2Bincreases%2Bthe%2Bdemand%2Bfor%2Bskilled%2Bworkers%2Band%2Bthat%2Bthe%2Bbenefits%2Bof%2Benhanced%2Bfinancial%2Bdeepening%2Bmay%2Bdisproportionately%2Baccrue%2Bto%2Bthe%2Brich%2C%2Bwhich%2Bhave%2Bmore%2Bcollateral%2Band%2For%2Bincome.&source=bl&ots=rjQm228wKV&sig=Weh6A5jA1z-pKlny-K-k9g2ZNzk&hl=en&sa=X&ved=0ahUKEwiF__KayuDRAhVpy1QKHd92BuQQ6AEIHjAA#v=onepage&q=similarly%2C%20&f=false>.

