

Strategic Trade and protectionism - Theories and Empirics
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Lecture – 26
Trade Protectionism

Welcome friends, once again to the NPTEL module on Strategic Trade and protectionism. So, were you know this particular week, we have reached to start the exact or the core aspect of a Trade Protectionism. So far, we have already dealt, many theories many you know relevant theories which are essential to discuss trade protectionism.

Now, from now I mean this week onwards we are now at week number 6 lecture number 26 th where, we have been trying to explain what do you mean by trade protectionism and why it is essential what are the reasons behind protectionism and what kind of you know, plus and minus aspects of protectionism.

So, given the fact that we are in a liberalized world, especially in the Indian context we have been claiming as liberalized since 1990, one due to many factors. So, it is our duty to understand the protectionism of trade as clearly as possible. So, the title of the presentation or the topic of this today's lecture is on trade protectionism and myself, Dr. Pratap Mohanty, faculty member, IIT Roorkee in the Department of Humanity and Social Sciences. Now, what are the background or introduction to trade protectionism?

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Introduction

- While it is generally accepted that free trade maximizes world output and benefits all nations, most nations impose some restrictions on the free flow of international trade.
- Trade policies are advocated by special groups that stand to benefit from trade restrictions.
- FTP has, conventionally, been formulated for five years at a time and reviewed annually. The FTP for the period 2015-20 is being formulated by the Department of Commerce
- Market and product diversification will continue to be the twin pillars of the FTP
- Latest FTP is 2009-14 *2015-20 -> draft report released:*

Swajati

I think, it is better to start with the background in the context of extent of restriction by many member countries. Now, while it is generally accepted, that the free trade maximizes world output and which usually benefit all the nations most. But whereas, it has been observed that largely nations are actually imposing restrictions.

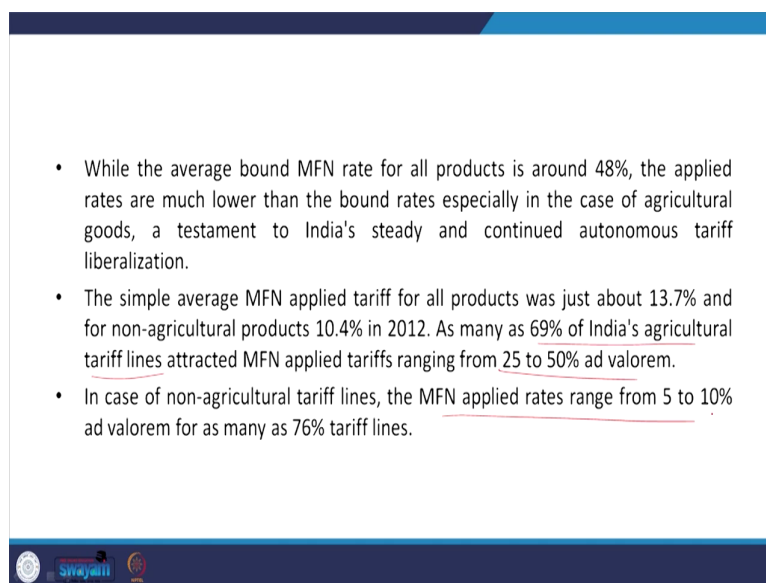
So, which is against the core theory of international trade which duly propagate perforated now. So, accordingly trade policies are actually advocated by special groups, which stand to benefit actually many trade restrictions. So, vary various forums are there to actually change it.

So, far is the latest policies in Indian context are concerned we need to refer to foreign trade policy 20, 15, 20 which this is a latest policy and the draft FTP is now ready already released by the ministry. So, we can refer.

And, usually this is made in every 5 years at a time they propose some kind of formulation for 5 years. So, it is the responsibility of the department of commerce. Now what is more important in FTP? It is all about facilitating market, and suggesting you know, product diversification which are, actually the twin pillars of a foreign trade policy.

So, the latest document earlier it was 9-14 now it is 15. Now it is actually 15 20 20 15 20 document and, specially the draft report has already been released. So, you may refer those documents to understand the changes in the policies.

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- While the average bound MFN rate for all products is around 48%, the applied rates are much lower than the bound rates especially in the case of agricultural goods, a testament to India's steady and continued autonomous tariff liberalization.
- The simple average MFN applied tariff for all products was just about 13.7% and for non-agricultural products 10.4% in 2012. As many as 69% of India's agricultural tariff lines attracted MFN applied tariffs ranging from 25 to 50% ad valorem.
- In case of non-agricultural tariff lines, the MFN applied rates range from 5 to 10% ad valorem for as many as 76% tariff lines.

So, now another aspect is related to in the document is most hibernation rate for all product is around 48 percent and the applied rates, are much lower than the bound rates especially, in

case of agricultural goods. So, a statement a testament to India's steady and continued autonomous tariff liberalization. So, MFN is actually important.

Now, regarding another addition, I think we all know it from the recent havoc recent in a hue and cry regarding you know India's restriction of MFN status to Pakistan where, we have you know, abolished the MFN status to Pakistan. The simple average MFN, I applied tariff for all products; so, they are around 13.7 percent for non-agricultural products and 10.4 percent in 2012. As many as the 69 percent of India's agricultural tariff lines, attracted MFN and applied tariffs ranging from 25 to 50 percent ad valorem.

In case of non agricultural tariff lines, the MFN applied rates are 5 percent to 10 percent ad valorem for as many as 76 tariff lines. So, we will clarify those rates while we will explain the tariff lines in detail. So, therefore, the background is on you know why should we impose you know tariffs and so there are certain contexts by which you will understand the background. You know, use of tariff barriers to protect industries for foreign competitors. So, therefore, the trade barriers are important.

So, protectionism in trade measures economic policy. I mean, basically, let us try to define what do you mean by protectionism how to conceptualize. So, its all about some measures or economic steps which are imposed by countries government to protect their domestic businesses, industries from foreign competitors.

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Background

- The use of trade barriers to protect industries from foreign competition.
- Protectionism is the trade measures or economic policy imposed by countries' governments to protect their domestic businesses and industries from foreign competition.
- Where politics, foreign policy and (occasionally) rational economic debate collide

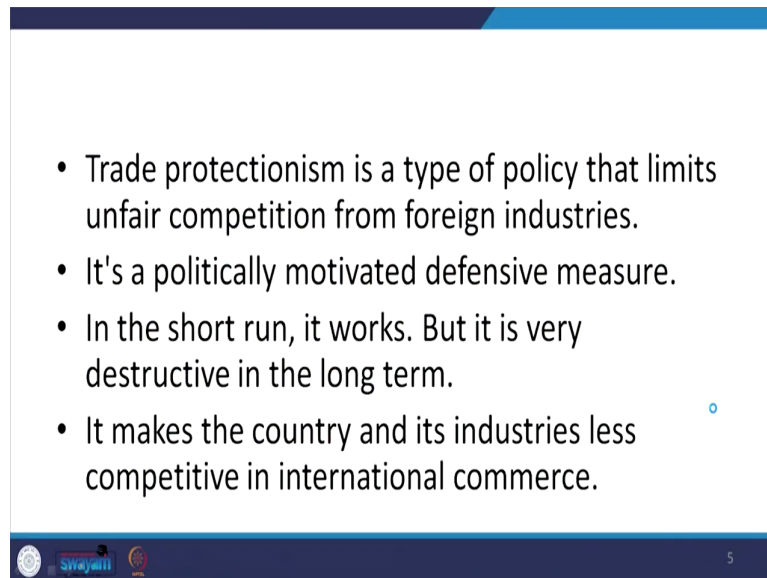
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So, its all about the you know concern of the government which you know, protect the domestic countries in terms of the market, in terms of the product, in terms of their industries. So, therefore, you know there are a number of conflicts arises across boundaries . So, one of the concern is like where you know politics foreign policy and the rational economic debate (Refer Time: 06:30). I mean basically, foreign trade policies or the protectionism arises some sort of politics arises, some sort of conflicting policies occurs or debates actually occur over the countries under WTO.

And WTO, as I mentioned is the platform by which the member country exercise their they or you know express their willingness to trade with different countries and they follow the norms and regulations you know prescribed in this forums. So, trade protectionism pure is basically a policy that limits unfair competition from foreign industries you know. So, it is the

responsibility of the government. So, usually you know these are politically motivated and usually will also consider for defensive purposes.

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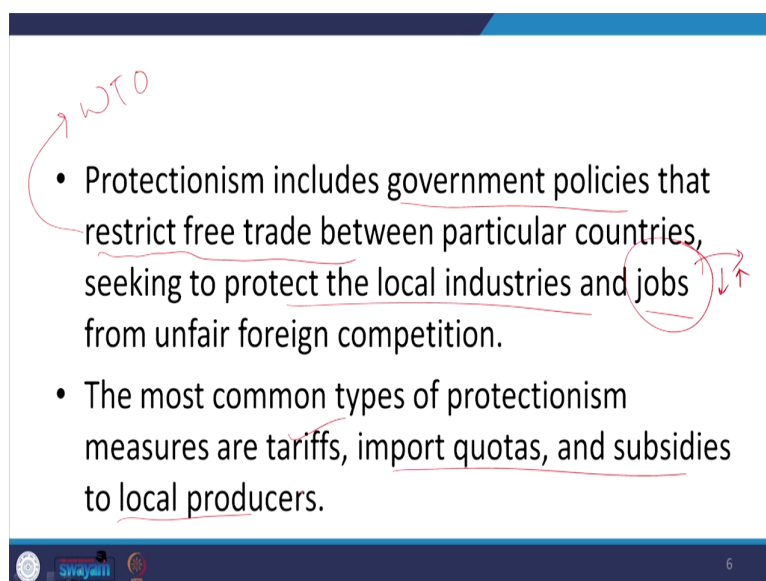


- Trade protectionism is a type of policy that limits unfair competition from foreign industries.
- It's a politically motivated defensive measure.
- In the short run, it works. But it is very destructive in the long term.
- It makes the country and its industries less competitive in international commerce.

So, while it has been argued that it really works in the short period and in the long run the effect is very ambiguous and many economists say that it is you know it is more destructive in nature in the long run. Because, you know, this never facilitates you know better competition. We more we limit through a protectionism we are constrained with limited resources. So, in this context you know for trade barriers are actually suggested to be a walking in the very short period not in the long run.

So, it is also said that you know it makes country and its industries less competitive as I just said, and in the international business. So, what it includes? It includes government policies, as I just said that restrict free trade between particular countries.

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- Protectionism includes government policies that restrict free trade between particular countries, seeking to protect the local industries and jobs from unfair foreign competition.
- The most common types of protectionism measures are tariffs, import quotas, and subsidies to local producers.

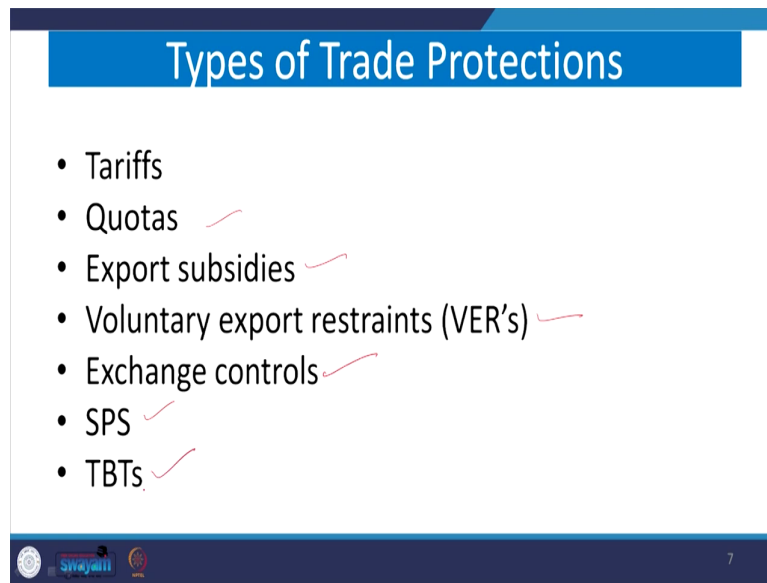
Seeking to protect the local industries and jobs from unfair foreign competition. So, therefore, we need to emphasize foreign government policies. So, its a restriction to free trade. So, therefore, we there are further concerns in WTO. Because, being the member countries if it restrict foreign trade, then other member countries may rise concerns on it. Then, it protect local industries and jobs also. Now there are again, you know stand of literature which talks about job falls and job gain.

So, there are ambiguity as well. And the most common type of protection is protectionism across the world is through tariff and non tariff measures. So, tariff and non tariff measures are import quotas, subsidies to local producers.

These are the most important instrument of protectionism. We will also include the many advance complications in this context in our due course of the lecture. So, let us understand

what are the different types of protectionism? Even in this lecture, we will talk about some of the cases. Recent debates on various forms of restrictions by different government specially Indo or Sino US war Indo-China war, we will also consider in discussing those aspects.

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The slide is titled "Types of Trade Protections" in a blue header. Below the title, there is a list of seven trade protection measures, each with a red checkmark next to it:

- Tariffs
- Quotas ✓
- Export subsidies ✓
- Voluntary export restraints (VER's) ✓
- Exchange controls ✓
- SPS ✓
- TBTs ✓

At the bottom of the slide, there are logos for Swajanti and a small number 7 in the bottom right corner.

So, the tariffs are broadly tariffs and non tariff tariffs then you know in with non tariffs is quotas, export subsidies, voluntary export restraints, exchange controls, sanitary and phytosanitary measures, technical barriers to trade, we will discuss the types in detail in our next class. Now, why protectionism?

Now, it is as we have already said that it is the government policies which are targeted to protect the country. Likewise, we have a defense in a country. Similarly, the government is also proactive in restrict some of the flows to protect our domestic countries. I mean,

domestic industries or some particular sectors. So, you know to answer why protectionism?
First and foremost reasons.

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Why Protectionism

- Protecting the infant industry → Large number of informal industries and moreover, these are infant stage
- Protecting jobs → Automation → IOT → Robots → ICT manuals - cheap → labour
- Revenue → 92%
- National security
- Protect consumers from unsafe products ⇒
- Discourage unethical practices → Innovation
- Protection from dumping
- Narrowing BOP deficit
- Cultural preservation

For this is protecting the infant industry you know cases. So, it has been observed that in Indian context, there are large number of; large number of informal industries and which and moreover, these are you know infant in the infant stage in the infant stage. So, they are very less competitive they do not have that you know that extent of capital which in compete with the large you know competitors.

So, in this context, you know since large number of informal industry are there. More than 92 percent of our enterprises are actually you know, informal as per the latest economic 6 th economic census of India. So, therefore, it protects when we you know protect through certain policies, we are not allowing the foreign country to just to flow within the domestic

boundary with the cheaper rate or with the competitive rate the protection is very very important to restrict those flows.

Now, second aspect is protecting jobs. Now, what do you mean by how to protect the jobs? Now, if the industry itself is in threat and if the organization is in threat, then the employees are supposed to be in danger. Like you know, in the present days of auto machines, specially in the auto machines world or in the robotic world where we used to talk about IoT, internet of things, where people are largely dependent on technological devices, you know devices and many operations are made with the help us robots and automations or with the help of ICT.

So, this has actually coddled our you know engagement of laborers or manual laborers. So, the duty of the country the concerned country, is to protect our jobs because of the fact that you know, we have our domestic resources are population or cheap labor it is our strength.

So, wherever we can engage our cheap labor for best use we must, you know, capitalize it. Cheap labor must be capitalized and should be protected in various industry. So, therefore, protectionism is required. Similarly, its not just jobs those are in danger, or the industry itself in protecting certain you know micro enterprises or small enterprises, but also concerned with earning income.

Now, there are various channels by which either tariff or non tariff, there are channels by which the country projects to gain certain revenues out of imposing tariff. Now similarly, it is not just protecting jobs revenue, it is also protect you know a security, national security.

Another aspect, because of the key fact that you know, national security is one of the important channels. And if the countrys products are not produced, we are dependent on other countries. So, on other conditions are also expected so indirectly it also affect national securities to challenges.

Now, what about you know protecting consumers? For on say products. Often the case you know, it has been argued that Chinese product are massively flooded in Indian market, and

products in the I mean, in the common discussion that better to avoid Chinese product, specially in the Indian context.

They were very cheap in a cheap by price and those are largely dumped. Now question occurs here, by quality how safe it is for the consumer to consume? So, it is been argued that Chinese product have you know, huge dangers not just Chinese product there are many other countries product also.

Its not so safe to consume without any tagline without any protection without any proper you know, you know features ascribed on the particular product. So, therefore, so, protectionism are required some sort of restrictions are required to protect for consumers as well.

Now, similarly its not just the protection for product or for the consumer or the producers, but also important to note the ethical practices or unethical you know restriction.

So, it also discouraged on ethical practices like you know there are intellectual property issues. So, in intellectual front, intellectual property front, whoever has developed the product, whoever has invented the product, they are you know name or they are you know their tag tagline must be you know must be protected. And no one should immediately just copy it without permission.

So, therefore, certain forums are required, institutions are required, certain restrictions are required. You know, restrictions where actually protect the innovator. So, indirectly these facilitates innovation facilitates innovation. Now, once innovation is made, again how much you know protection to be given depends upon the extent of use of the product. Similarly, you might have heard about you know dumping cases. The developed in the developing countries markets, especially in Indian market many other countries usually dump their product.

So, dumping means charging low price in the International market, as compared to their price in the domestic market. So, you know to attract the market, you know to capture the market this is one of the strategy. Strategy are adopted, by some countries to capture the market.

So, therefore, you know protection is required. Now, similarly, it is not just you know those reasons another important reasons for protection is due to a BOP deficits. So, and we as we know there are in BOP means Balance of Payment, which is consist of three accounts, current account, capital account and reserve account.

So, if there is any imbalances in the balance of payment, some protections are actually raised. So, that that could help in you know, making our balance of payment, balance. Now, BOP, those discussion you may you know search is some varies other you know channels.

Maybe by internet, try to get the details of it. I think, I already shown you the balance sheet table. You can follow the Reserve Bank of India. You know, tables to understand BOP in detail. Similarly, cultural preservation is another you know reasons of protecting goods, just to enter here and there. So, as I told you in different theory also goods are move you know are area are in movement.

You know, the features are in movement and factors are also in movements. So, its not just factor or goods, its also simultaneously their culture gets you know transmitted. So, this protections are required to protect their cultural movements.


Now, after having you know said a those reasons or the factors behind some form of I mean form of protectionism or protections. It is always our duty to understand what is in favor and what is in against. Should we go for protectionism or should we not?

Now, though even there are restrictions and institutions are made, WTO is specially you know a formed to check those restrictions. But, there are various channels by which these are you know implemented. So let us understand certain you know arguments in favor. One though, I have already said, but again to explain this.

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In Favour Arguments

- To safeguard domestic employment
- To correct balance of payments disequilibrium
- To prevent labour exploitation in developing economies
- To prevent dumping
- To safeguard infant industries
- To enable a developing country to diversify
- Source of government revenue
- Strategic arguments

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So, this protect employment. So, safeguard domestic employment, you know, protection is required. And to have, you know correct, balance of payment or to correct the balance of payment, disequilibrium protection is also required.

Now, also to stop labor exploitation in developing countries, or to prevent you know labor exploitation in developing countries, some forms of protections are also required. And for dumping, similarly, for infant industries and safeguarding those industries and able the developing countries should diversify the product, source of a government revenue and strategic argument, these are very essential.

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The slide is titled "Arguments against" in a blue header. It contains a list of ten bullet points. The first point is "Encouragement to inefficient Industries" with a red downward arrow. The second is "Low Economic Utilization of Natural Resources". The third is "Creation of Monopoly". The fourth is "Production as a claim" with a red handwritten note: "various forms of differentiated products" above it and "ES → PL → quality" below it. The fifth is "Loss to Consumers" with a red arrow pointing to the handwritten note. The sixth is "Inequality in the Distribution of National Income". The seventh is "Reduced Volume of Foreign Trade". The eighth is "Political Corruption". The ninth is "Strained Foreign Relations". At the bottom left, there are logos for "swajani" and a globe. At the bottom right, the number "10" is displayed.

Arguments against

- Encouragement to inefficient Industries ↓
- Low Economic Utilization of Natural Resources
- Creation of Monopoly
- Production as a claim → various forms of differentiated products → ES → PL → quality →
- Loss to Consumers →
- Inequality in the Distribution of National Income
- Reduced Volume of Foreign Trade
- Political Corruption
- Strained Foreign Relations

Now, what are they against? Why protection is should not be there? This is more important in favor, we already discussed. So, let us count it for against those who are important. Now, (Refer Time: 20:34) I mean, encouragement to inefficient industries, we have whenever we have protectionism, protect the industries indirectly we support or facilitate inefficient industries. So, the productivity might be lower.

And so, and that this has actually undermined the utilizing of natural resources. If you do not allow the resources to come in or to flow, the dynamisms in the path of the movement. these might actually further undermine the utilization of resources in the world.

Similarly, so, these facilitates monopoly. Because, this also facilitate monopoly because you know we are restricting the movement, we are not making the market to be perfect. We are keeping you know certain secret to be secret. Certain you know, concealment of facts.

Not by you know, allowing the movements. The natural path is not facilitated not allowed. So, therefore, monopoly a creation is expected. Similarly, production is a claim, production is a claim we are claiming as the producer, but actually in reality who is the right producer?.

Unless, you do not open the boundaries its very difficult to claim. But, within the boundary often these claims are made which is not right. So, similarly, there are many choices restricted to the consumers. through protectionism we are not facilitating the consumer to explore the variety of availability.

Especially, in the present days. due to you know due to various forms of; various forms of forms of differentiated products. Products which is the outcome of economy of scale of production, resulted in some form of you know price cut and quality differences. So, consumers if they are restricted it is actually against to the consumers.

Similarly, inequality in the distribution of national income, the national income which is been raised due to the you know, the by the engagement of factors, from various countries. But, if you are restricting their moment the inequality may persist. Not just across the country, within the country also this inequality will persist. So, you know trade barriers are actually facilitating less distribution of income.

So, similarly, it reduces foreign trade, the export and import. If it is restricted, it reduces foreign trade volume. Openness aspect gets reduces. And similarly, the international discussion if these are not facilitated, these are not opened up, corruption in the international issues will actually be higher.

Then similarly, it is not just the goods and commodities or the factors are important, it also strengthen the relationship between you know you know member countries or among the member countries.

So, therefore, foreign relations are expected to be better if it is opened up. So, it is against. So, those I mean are the architect behind clarifying foreign relations to be strengthened they are against to these type of restrictions.

Now, while understanding trade protects protectionism, it is always good to refer to the context in the you know pretext or I mean, liberalized. So, as I just mentioned, it breaks the barriers liberalization is the phenomena or the situation or the context which has reduced the barriers and free of world trade.

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Trade and Liberalisation

- Aims to free up world trade and break down the barriers to international trade
- Basic philosophy rests on the principle of comparative advantage
- Talks to achieve trade liberalisation have been ongoing for many years
- GATT – General Agreement on Tariffs and Trade
- First signed in 1947 – talks on-going since then
- Uruguay Round 1994 – set up the World Trade Organisation (WTO) in 1995 as well as agreements covering a range of trade liberalisation measures
- WTO provides the forum through which trade issues can be negotiated and works to help implement and police trade agreements

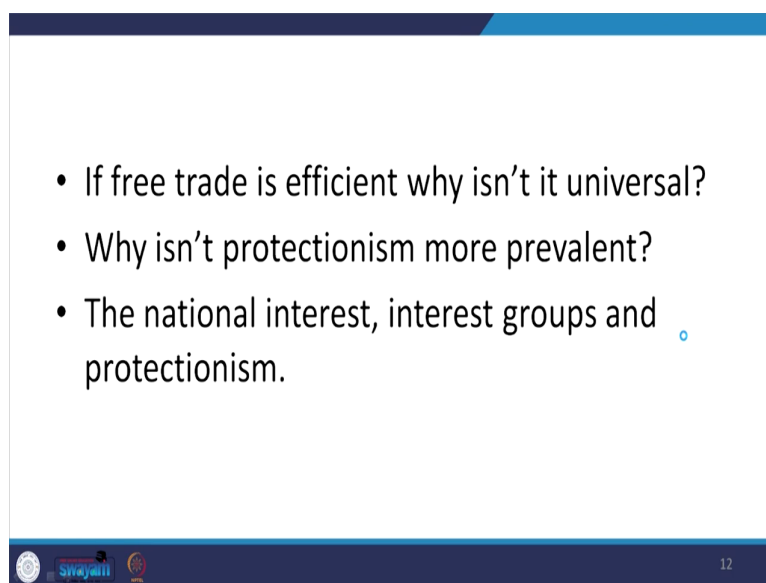
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So, the basic philosophy rest on these principles of comparative advantage due to free movement. So, and trade liberation have been actually ongoing for many years. Specially after you know, GATT General Agreement on Tariffs and Trade was formed in 1947. And since then, actually because of the Uruguay Round, you know, since then many platforms have made to transact the goods and communities across the boundaries.

Specially, it has been institutionalized and officially recognizes WTO 1995 since the discussion started in 1994 by the specifically in the Uruguay Round. So Uruguay Round has already initiated this discussion 1994 that has given birth to birth to the formation of WTO or the institution called WTO in 1995. And which has actually been the first most number one step or the first most step in facilitate in trade and minimizing the barriers.

So, that is the phase called you know trade liberalization. So, WTO provides a better forum specially in the context of trade issues or which can be negotiated in works to help implement and you know police trade agreements.

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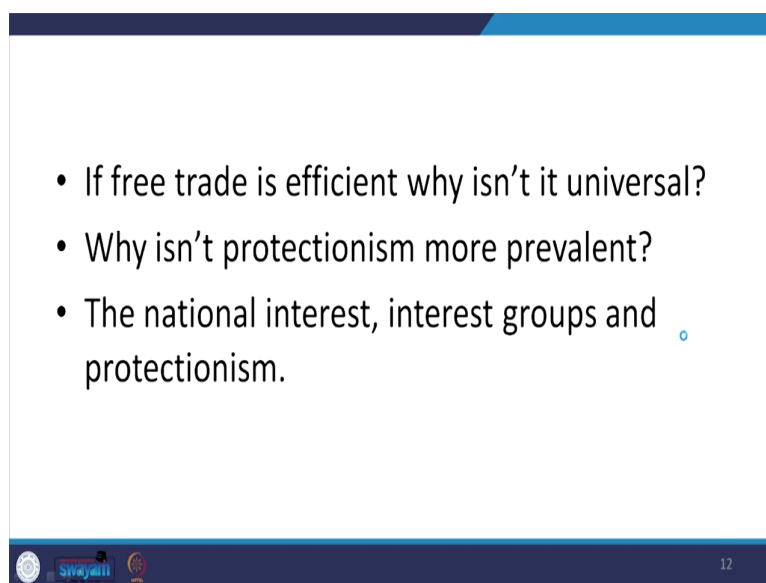


- If free trade is efficient why isn't it universal?
- Why isn't protectionism more prevalent?
- The national interest, interest groups and protectionism.

Now, we need to actually understand in a very general context or certain other debates are very important. Each free trade is efficient. Why isn't it universal? If the first question you know, put forth before us how can we able to justify it?. Now question arises, if it is if the free trade is efficient. There are many a suggestion made that free trade is actually efficient. many economies starting from classical to the new classical larger in a classical phase restrictions were not allowed. It is the market which determine the free flow of commodities.

But later on, over the time when you know the country's experience with some form of you know business cycles, they started you know restricting international trade by various forms. So, why isn't universal because of number of conflicts arises, number of you know situations which have been raised in due course of time that eventually you know force the country to impose certain restrictions.

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- If free trade is efficient why isn't it universal?
- Why isn't protectionism more prevalent?
- The national interest, interest groups and protectionism.

So, why isn't it protectionism more prevalent? This is not pre more prevalent because with the you know member countries when the more member committee are joining they are competing with each other and so, for so, they try they propagate in different rounds. Doha Round, Uruguay Round and Doha Round then in Cancun Round. There are various rounds of WTO or meetings held in different time in different places. Which consistently trying their best. I mean, the member countries trying their best to reduce the protectionism.

So, it is not prevalent the protectionism not more prevalent because of their initiatives. So, a since it is a national interest groups and protectionism are very very important the answer for far this question is actually the 3rd one, which I will just discuss. Now, in order to understand the protectionism in a larger context, certain you know recent debates are important. To count

a few, I wanted to put forth or to bring to your notice of some of the important debates which you know, we have observed from different newspaper.

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Some recent debates

- Why India should expose US hypocrisy on cotton subsidies at the WTO
 - US has made a counter-notification at the WTO, alleging that India's subsidies to cotton have breached the limit of 10% of the value of cotton production, as stipulated in the WTO's Agreement on Agriculture.
 - The US contends that, during 2010-16, India's market price support to cotton was 53% to 81% of the value of the annual production.
 - India has claimed that the market price support has rarely exceeded 1.4% of the value of production during 2010-16.
- The explanation lies in three variables used in calculating the domestic support for each product under the WTO's Agreement on Agriculture.
 - First, which currency to use in calculating the domestic support? Second, what is the production eligible to benefit from the minimum price support? Third, how many units of raw cotton are required for producing one unit of lint cotton?

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Recently, we have seen that US has huge hypocrisy in restricting the cotton exports from India. And, US has raised a number of complaints in WTO negotiations. Specially, let me read a few why India should expose US hypocrisy on cotton subsidies at the WTO round?.

First answer to it US itself you know gives various subsidies. More than 74 percent to their big top most you know farmers of cotton those are producing. But actually, they are arising questions over India's subsidies to the farmers.

Now, US has made counter notification at the WTO alleging the fact that India subsidies to the cotton has actually breached the 10 percent limit. As per the rules of WTO, and the now

that is in the agreed that 10 percent more than 10 percent subsidies should not be given. More than 10 percent of the value produced should not be given as a support or the subsidies to the agriculture.

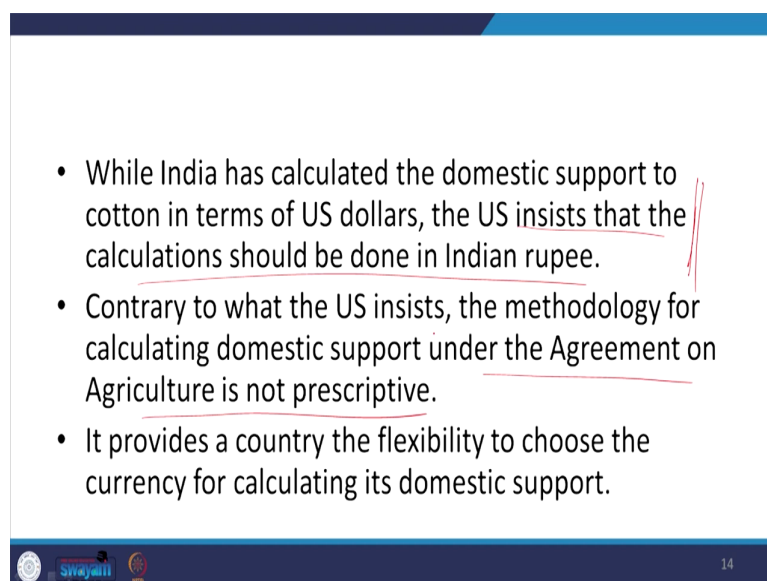
Now, they are questioning that more India is you know facilitating more subsidies. And that this is specially as per the WTO agreement on agriculture. Now, US contents that during 2016; as per the facts, India's market support to cotton was more than 53 percent to 81 percent of the total value of annual production.

This was the complaint raised by US. Now whereas, India claim that you know in contrast to that, India say that the market price support has been exceeded only 1.4 percent of the value of the production during the same period. So, 1.4 has against you know the complaint made. Now, the explanation lies also in three variables used in calculating the domestic support.

Why these confusions are there? Due to three reasons; one is, these are calculated based on you know US price. First one, is reason is the currency to use the calculation in domestic support. Now, nowhere as per the prescription of WTO, nowhere it is mentioned that we are supposed to calculate domestic price.

Now the calculation is was actually made in US Dollar. So, on the basis of that our valuation is not exceeding. Second is what is the production eligible to benefit from the minimum price support? Third how much units of raw cottons are required to required for producing 1 unit of lint cotton? Its a variety of lint cotton is essential was not clearly defined. Therefore, these confusion arises.

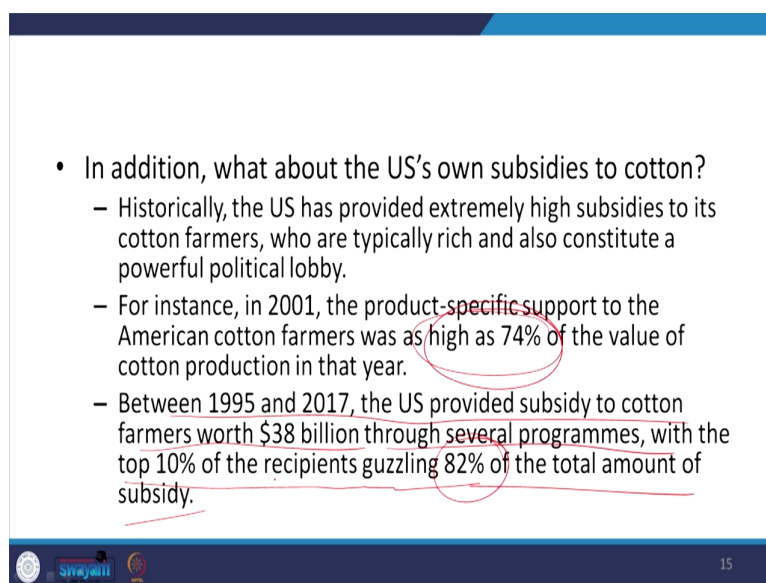
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- While India has calculated the domestic support to cotton in terms of US dollars, the US insists that the calculations should be done in Indian rupee.
- Contrary to what the US insists, the methodology for calculating domestic support under the Agreement on Agriculture is not prescriptive.
- It provides a country the flexibility to choose the currency for calculating its domestic support.

So, while India has calculated the domestic support to cotton in terms of US dollar, the US insists that the calculation should be made in Indian rupees. But this is against the rule, nowhere it is prescribed. Where contrary to the US insist the methodology for calculating domestic support under the agreement. Agriculture is not prescriptive as I just said, it provides a country the flexibility to choose the currency whatever they want.

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- In addition, what about the US's own subsidies to cotton?
 - Historically, the US has provided extremely high subsidies to its cotton farmers, who are typically rich and also constitute a powerful political lobby.
 - For instance, in 2001, the product-specific support to the American cotton farmers was as high as 74% of the value of cotton production in that year.
 - Between 1995 and 2017, the US provided subsidy to cotton farmers worth \$38 billion through several programmes, with the top 10% of the recipients guzzling 82% of the total amount of subsidy.

So, in addition to that US want subsidies to cotton. As I have just mentioned more than 74 percent you know subsidy they provide. But irony here is that they are complaining and by mentioning in the fact that between 1995 to 2017 US provided subsidies to cotton farmers with 30 38 billion dollar through several programmes.

With the top 10 percent of the receipts guzzling to 82 percent of the total amount of subsidy. So, therefore, US is playing a huge hypocrisy in this particular context. So, it is not going to put India in trouble.

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The slide features a blue header with the title "Seven key issues to determine success of US-China trade talks". Below the header is a list of bullet points. The first bullet point is "Live Mint , January 6, 2019". The second bullet point is "US and Chinese officials are set to begin trade negotiations on Monday in the hope of reaching a deal during a 90-day truce between President Donald Trump and his counterpart Xi Jinping." The third bullet point is "While the mid-level talks probably won't produce a major breakthrough, the stakes are high as both sides face a resumption of tariffs in March if they don't strike a deal." Under this third bullet point, there are two sub-points: "1. Intellectual Property" with a sub-bullet "China forces American companies to share sensitive technology and steals intellectual property", and "2. Huawei and 5G" with a sub-bullet "Huawei Technologies Co., China's biggest maker of telecom equipment, has long denied accusations by the U.S. and its allies of facilitating state-sponsored espionage." The slide footer contains a logo on the left, the text "swayam" in the middle, and the number "17" on the right.

Seven key issues to determine success of US-China trade talks

- Live Mint , January 6, 2019
- US and Chinese officials are set to begin trade negotiations on Monday in the hope of reaching a deal during a 90-day truce between President Donald Trump and his counterpart Xi Jinping.
- While the mid-level talks probably won't produce a major breakthrough, the stakes are high as both sides face a resumption of tariffs in March if they don't strike a deal.
 - 1. Intellectual Property
 - China forces American companies to share sensitive technology and steals intellectual property
 - 2. Huawei and 5G
 - Huawei Technologies Co., China's biggest maker of telecom equipment, has long denied accusations by the U.S. and its allies of facilitating state-sponsored espionage.

Similarly, there are several other issues must be discussed like you know 7 key issues to determine success of US-China trade talks. These are again related to certain protectionism issues like you know US you know Indo; I mean Sino you know u s trade war highlighted in a Mint, Live Mint January 6, 2019.

That you know, there are many complaints US and China officials are set to begin trade negotiation on Monday. I mean in the date hope of reaching a deal in 90 day between President Donald Trump and this. While mid level talks were actually considered. So again, largely this is related to tariff line ok.

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- 3. Made in China 2025
 - Beijing’s “Made in China 2025” plan aims to transform China into an advanced manufacturing leader by targeting 10 emerging sectors including robotics, clean-energy vehicles and biotechnology.
 - White House, which argues its state-led intervention violates WTO rules and could create an unfair playing field for foreign investors.
- 4. Energy
- 5. Agricultural imports
- 6. Auto tariffs
- 7. Market access for banks

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Or on various channels we may take it forward. This discussion, these you know categories in our next class; specially, what is made in China why it is problematic to US we can take it forward in detail to the next class. So, we have part of this we have discussed in our very introductory lecture you know very beginning of our lectures. So, you can even can refer that otherwise we will also discuss this in detail in the next class.

I think with this I should stop here we will continue in the next class.

Thank you.