Topic:

The influence of financial crisis across countries with a trade balance mostly influenced by US or China.

The U.S. and China are the two dominant economies in the world for the most recent 20 years. There have been relevant studies evaluating the impact of financial crisis on those two economies (1). Opening a free trade agreement with the US or China exposes smaller economies to unfair trade agreements. So, most regions have tried to negotiate as an economic block to get a better-balanced commercial agreement.

For example, The European Union has been negotiating open trading with China, in order to improve the negative trend in its trade balance (2). In this paper, we will compare the impact of major financial crisis, in 2001 Dot.com and 2008 Housing, in countries/regions/economic blocks that have a significant trade balance with the US and those that have a significant trade balance with China.

One of the factors that economist study is related with the need of China to maintain surpluses in the balance trade. China requires a continuous growth in its exports, in order to secure growing labor stability.

References:

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