

A dark blue world map with glowing yellow lines representing global trade routes or connections between various cities. The lines are curved and intersect, creating a network across the continents.

5. Trade barriers and free trade agreements

Daniel Karlsson

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A dark blue world map with glowing yellow lines representing trade routes and connections between various global locations. The map is centered on the Atlantic Ocean, with lines arching over the poles and connecting major landmasses.

Agenda

- What is free trade?
- What are trade barriers, and why do they exist?
- Different types of trade barriers
- In-depth study of customs •

Practice the customs tariff

Free trade – More are tariffs

Patent:

- Often issued by companies in wealthier countries to protect copyright and product idea from cheaper copies

Investments:

- Acquisition of companies, new establishments, permits for exploitation of natural resources, etc. in another country

Agriculture:

- Different regulations and conditions for pesticides, animal husbandry and large scale

Public procurement

- A legally regulated procurement process that will ensure that public procurement is opened up to competition and that public funds are used as efficiently as possible
-

Free trade

- Use [this link](#) to answer the questions below
 - What does free trade mean?
 - Why do countries conclude free trade agreements with each other?
 - Immerse yourself in one of the free trade agreements linked on the website (under "EU's free trade agreement"), what about below?
See under FAQ (questions and answers) for the clearest answer
-
- Customs duties
 - Agriculture and food
 - Public procurement
 - Investments and establishments

Examples of the effect of free trade agreements

Japanerna erövrar Dalarna

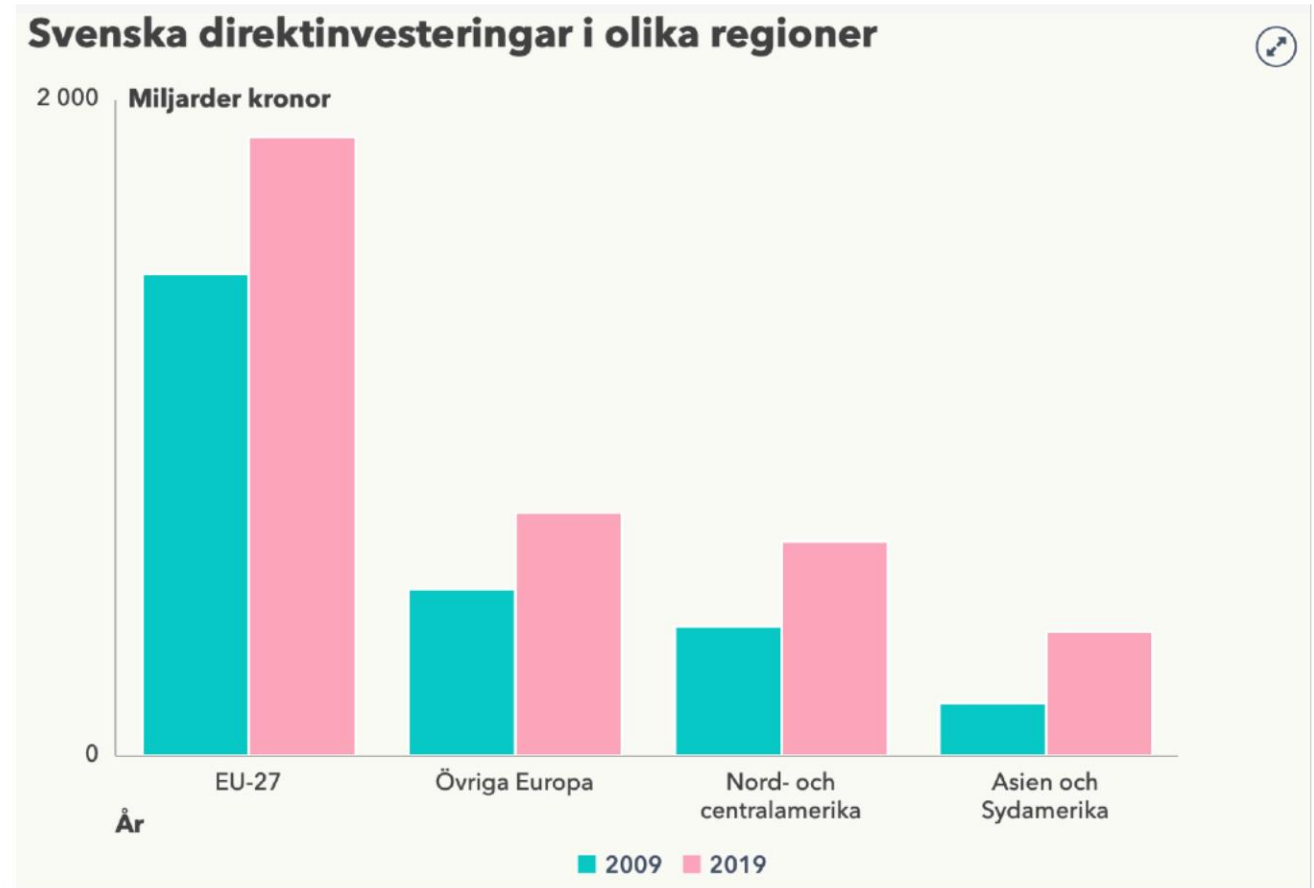
Hitachi Energy, Ovako, Log-Max, Tomokuhus... I Dalarna har ett helt kluster av japanskt ägda industriföretag bildats under senare år.

”Japanerna är intresserade av och hittar nischade företag med bra teknik. Ofta något som kompletterar något de själva saknar”, konstaterar Edvard Fleetwood på Sweden Japan Foundation.

Publicerad: 4 oktober 2022, 09:55

Swedish direct investments (click image for link)

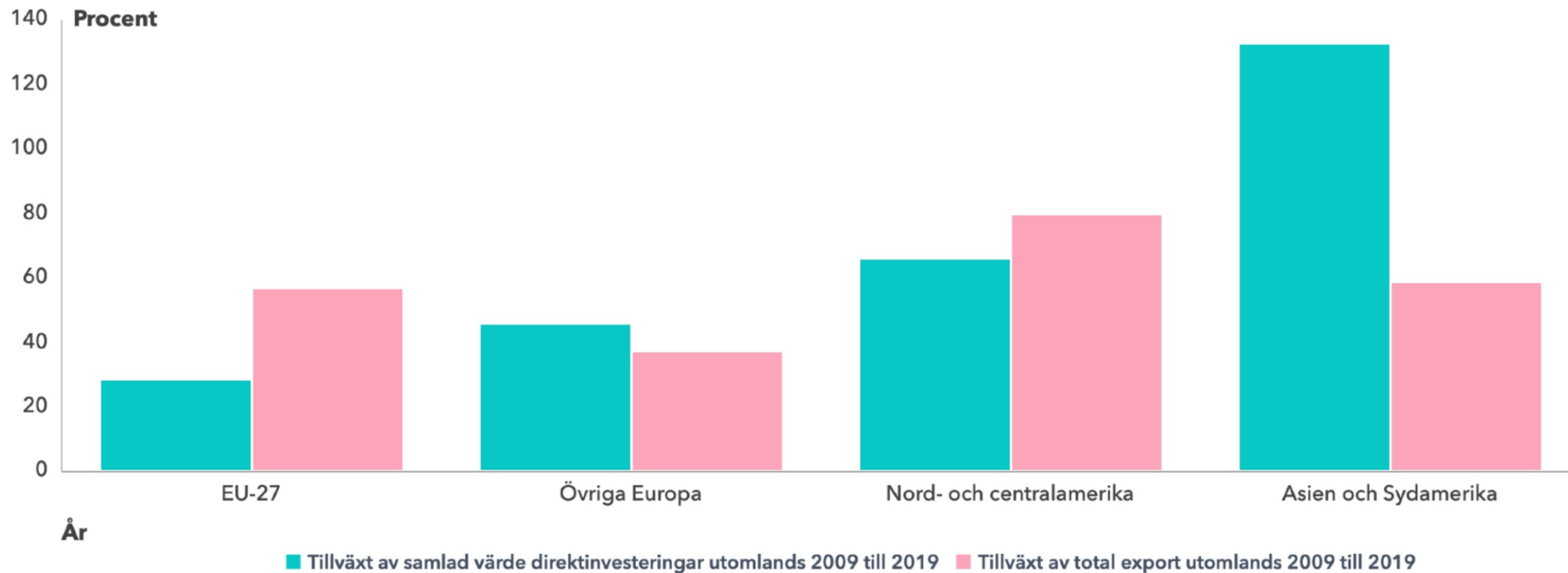
- When Swedish companies start branches or buy up companies in other countries
- A way for companies to increase growth and secure resources and natural resources abroad
- Similar trend for foreign direct investment in Sweden
 - Every third employee in industry and just over every fifth employee in the service sector work in foreign-owned companies



Sambandet mellan utvecklingen av direktinvesteringar och utvecklingen av exporten

Diagram

Tabell



Källa: SCB



Trade restrictions

- Measures that prevent or make it difficult to trade in goods and services, establishment or investments. Both for import and export
 - To benefit own country's production
 - Exclude health-hazardous goods from your own market



Trade restrictions

- Common trade barriers
 - Import duties
 - Import and export restrictions • Taxes and surcharges • Other regulations (e.g. standards)
 - Corruption

Trade restrictions

Arguments for trade barriers •

Creates revenue for the importing country • Imports are a threat to employment in the country • Protects own country's production and assets • Enables self-sufficiency during crises • Creates establishment protection for new companies and industries (rearing duties)

• Imports threaten the cultural identity •

Environmental arguments: imports create unnecessarily long transports

Arguments against trade barriers:

• Greater choice for the consumer

• Larger market for exporting companies •

Increased competition lowers prices, raises quality and contributes to product

development • Trade is peacekeeping

Why are there trade barriers?

- The world's national economists agree that import barriers mainly harm the importing country
- Example: increased import duties in various rounds on steel in the USA •
More expensive American cars = increased import duties on cars = higher costs for all American families and businesses
- High duties usually in countries where the state has difficulty collecting taxes on e.g. corporate profits and income tax
- Import duties are the most common obstacle to imports
 - Percentage of the value of the goods at the port of import
 - Long been a trend with reduced import duties

Average duty rate in the world

(click image for link)

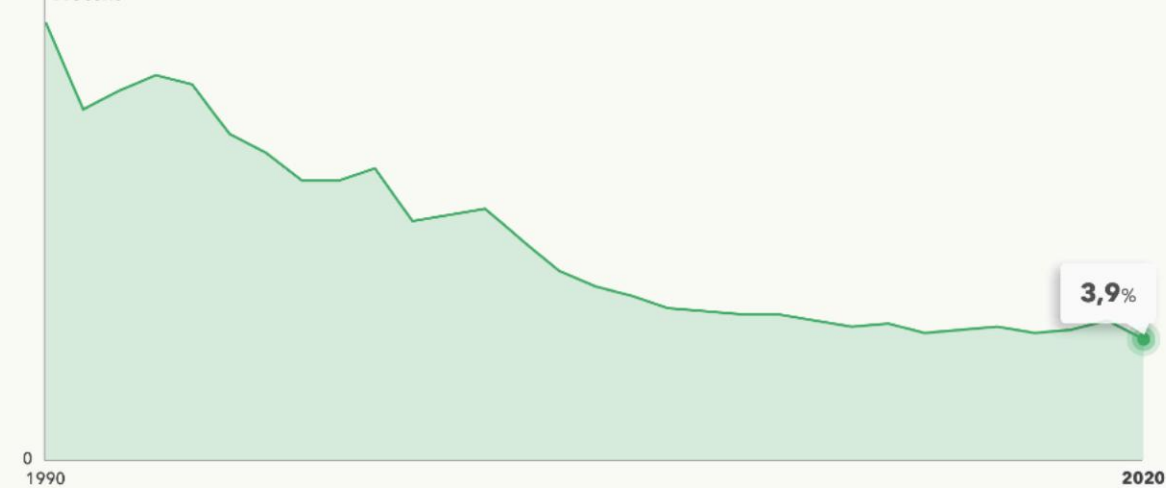
Genomsnittlig tullsats per region

Procent

	1990-talet*	2022
Världen	10,9	3,9
Östasien och Stillhavsregionen	8,7	2,2
Europa och Centralasien	7,7	1,8
Latinamerika och Karibien	12,8	4,9
Mellanöstern och Nordafrika	19,1	4,4
Nordamerika	3,3	1,5
Sydasien	34,3	7,0
Subsahariska Afrika	17,5	7,5

Genomsnittlig tullsats i världen

15 Procent



Handelspåverkande åtgärder i världen

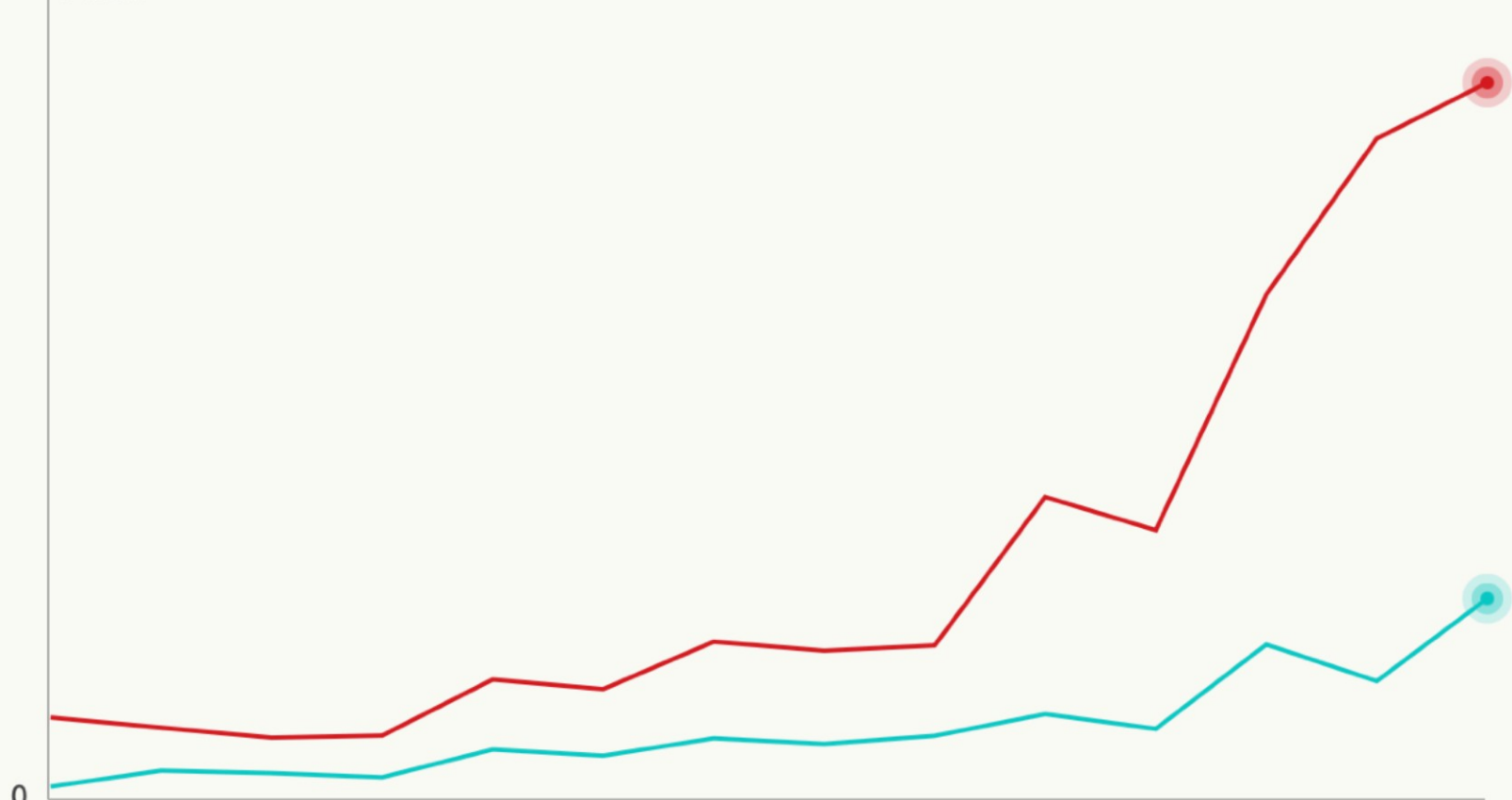


3 500 **Antal**

0
2009

2022

3 092 Diskriminerande **867** Liberaliserande



Other trade barriers

- **Dumping:** lower price of exports than domestic market, creates anti-dumping duties
- **Discriminatory sales taxes:** higher VAT on imports than domestically
- **Quantitative restrictions (quotas):** free import up to a certain amount, then tariffs
- **Subsidies:** government financial support to domestic industry
- **Limited public procurement:** states, provinces and municipalities want shop nationally
- **Discrimination against foreign carriers:** for example only domestic ships, trucks, etc.
- **Discrimination against foreign investors:** stricter requirements are placed on foreign companies than domestic ones
- **Complicated border control:** extra stops, costs time and money
- **Technical barriers to trade:** eg standards, sometimes used as protection against competition. (Patent)

Debate: for or against free trade

-
- Free trade with the EU, good or bad?

- Groups of 4-5 people – get a specific country to start from • One group for, another against
- The sides debate

- Doesn't have to be black or white, you can focus on certain parts or for a limited time. Feel free to look at the free trade agreements we went through last

- Tip: •

Read up on free trade in general (arguments for and against)

- The pros and cons of trade blocs can also be interesting here

- Read up on the specific country's assets and conditions for import and export • Read up on how trade between the country and the EU looks today • Prepare concrete examples •

Feel free to include sources ("according

to statistics from the World Bank...") • Prepare for countermeasures • Plan

the order in which you address

your arguments • What counterarguments are there? • Stick to

the trade issue only

- No personal attacks

The purpose of a debate is often not to convince each other, but those who listen to the debate

A dark blue world map with glowing yellow lines representing trade routes connecting various continents. The lines are curved and intersect, creating a global network. The map is centered on the Atlantic Ocean, with North and South America on the left and Europe and Africa on the right.

Revision questions

1. What does free trade mean?
2. Give examples of areas of agreement that can be included in a free trade agreement
3. What are trade barriers?
4. What are the different types of trade barriers?
5. What are the most common arguments for and against trade barriers?
6. Which countries apply the highest import tariffs and why?