



asset-based securities, 12

assets, 9-10, 11, 211, 215-217, 222, 239-240,

241-242, 244, 263, 312, 316, 317, 320,

absolute advantage, 27-29, 30-33, 35-37, 38, 44, 46, 48, 50, 53-54, 55, 66, 68, 70-71, 73, 121-122, 136, 137, 138 accounting frameworks, 311, 351 activity composition effect. See comparative advantage ad valorem tariff. See tariffs adjustable gold peg. See Bretton Woods administrative protection, 123 Africa, 34, 61, 85, 111, 127, 158, 161, 164, 214-215, 276, 284, 292, 357, 365, 435, 457, 479, 502-504, 524 African, Caribbean and Pacific (ACP), 161 aggregate measure of support (AMS), 152 Agreement on Agriculture, 142, 149, 150-152, 167, 184 Agreement on Basic Telecommunications, 154-155 Agreement on Textiles and Clothing, 148-149, 150 Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), 194 air freight, 4 allocative efficiency, 451, 470 American Motor Corporation (AMC), 223 anti-dumping (AD), 111, 123-124, 133-134, 148, 162, 190 anti-globalization movement, 2, 436 apartheid regime, 215 Apple Corp., 217, 224, 245, 247, 274 applied general equilibrium (AGE), 136-137 appreciation. See exchange rates Argentina, 127, 164, 179-181, 189-190, 194, 262, 357, 365, 413-414, 416, 435, 438, 442-443, 451, 452, 457-458 Convertibility Plan, 413 Fifth Summit of the Americas, 190 Argentine peso, 189 ASEAN Economic Community (AEC), 191 ASEAN Free Trade Area (AFTA), 191 Common Effective Preferential Tariff, 191 ASEAN-Australia-New Zealand Free Trade Area, 191 Asian financial crisis. See crises asset price deflation. See crises, bubbles, 454 asset-based approach, 376, 382, 391, 539

323, 376, 378-379, 381-388, 389, 390, 394-397, 404, 454-456, 460-461-524, 525, 534-535, 536-537, 539 financial, 19 firm-specific, 207, 211, 221-222, 226, 238-240, 241-242, 244, 253, 272 intangible, 211, 238-239, 242, 244, 252-253, 272 property rights, 525 assets approach. capital gain, 383 Association of Southeast Asian Nations, 5, 191 asylum seekers, 284-285 autarky, 32, 35-36, 38, 43, 48, 49-50, 51-56, 67, 70-73, 76, 88, 97, 101, 104, 114, 122, automobiles, 123, 126, 136, 177-178, 186-187, 188 average cost (AC), 86, 88, 161 backward linkages. See multinational enterprises balance of payments, 261-263, 277, 325-326, 327-328, 336, 351, 376, 377-378, 381, 404-405, 415, 429-431, 451-452, 459-460, 461-462, 463, 534-535, 536, 540-541 balance of payments, official reserve transactions, 321 Balance of Payments and International Investment Position Manual (BPM6), 328 balance of payments crises. See crises banana dispute. See dispute settlement process bancor, 446, 448 Bangladesh, 437, 520 Bank for International Settlements (BIS), 10 banking crises. See crises Basel Committee on Banking Supervision (BCBS), 471, 472, 474 Basel standards, 470 Baumol effect. See migration Beijing Auto Works (BAW), 223 Beijing Jeep, 222-223 Belassa index (BI), 69



Index 545

Berne Convention, 157 Chile, 127, 173, 189, 192, 224, 350, 357, 365 Berne Initiative, 301 China, 5-6, 8, 12, 23, 34, 85, 91-92, 95-96, 191, best alternative to a negotiated agreement 214-216, 219-220, 223-224, 245-248, (BATNA), 165-166 251-252, 262, 297, 325-326, 365, Big Mac index (box), 364 406-407, 437 bilateral investment treaties. See international circular flow diagram, 312, 328, 378, 509, 515 investment agreements. clusters. See spatial clusters binding. See General Agreement on Tariffs and Colombia, 127, 160, 189, 262, 350 commercial bank lending, 11, 321, 334, 335bond finance, 11, 334, 336, 339, 340-341, 342, 336, 339, 340-344, 345, 346, 350-352, 345-346, 351-352, 445 437, 445, 499 bonds, government bonds, 10, 316, 320-321, commercial presence of foreign direct investment. See Mode 3 335, 341, 495 brain drain. See migration, permanent high-Committee on Regional Trade Agreements skilled (CRTA), 176 Brazil, 111, 127, 164-165, 179-181, 189-190, Committee on Trade and the Environment (CTE), 194, 214, 216, 343, 409, 438, 442-443, 163 451, 452, 454, 457, 458, 465-466 Common Agricultural Policy (CAP), 148, 184 balance of payments crisis in, 11 Common Effective Preferential Tariff. See Brazilian real (box), 409 ASEAN Free Trade Area debt crisis in, 435 common external tariff (CET), 174 common market. See regionalism opposition to intellectual property, 156 Communauté Financière Africaine (CFA), 479, steel exports of, 111 Bretton Woods, 146, 421, 424-427, 431, 433, 446-448, 484 comparative advantage, 27, 30-31, 37, 38, 46, Brexit, 1, 16, 183-184, 185, 481, 484 48-49, 50-56, 60, 61-76, 82, 90, 92, bubbles. See asset price deflation 97-98, 101-102, 105-106, 108-109, 114, 115, 136, 137 Canada, 84, 112, 173, 185-188, 192, 261, 284, environment 290, 291, 297, 357, 365, 427 activity composition effect, 74-75 Cancún Ministerial Conference. See World Trade technique effect, 74 Organization revealed capital account liberalization, 334, 347, 349, Belassa index, 69 437, 463, 465 comparative advantage. Ricardian model, 27, capital account surplus, 321, 323 44, 46-47, 49, 51-55, 60, 64, 66-67, capital adequacy ratio (CAR), 348, 471, 472 68-69, 70-71, 73, 75, 104, 113 capital controls, 334, 349, 350, 352, 412, 440, competitive devaluation. See exchange rates 446, 451, 459, 472-474, 504 computers, 91 unremunerated reserve requirement, 350 conflict, 15, 37, 193, 422, 430, 524-525 variable deposit requirement, 350, 473 constant returns to scale, 532 capital deepening, 513-515, 527, 533 consumer surplus, 35-36, 42-43, 128-129, capital flight, 11, 348, 434, 457, 458, 461, 463, 130-133, 141, 180 473, 474, 494 contagion. See crises sudden stops, 348 container shipping, 4, 8, 16 capital flows, 11 contract manufacturing organization (CMO), 206 financial capital, 11, 347 contracting, 6-8, 17, 90, 146, 203, 207, 226, push and pull factors, 344-345 228, 232, 234, 239, 241-243, 244-245, 253, 257, 270, 335, 367 capital gain. See assets approach capital mobility. See impossible trinity Convention on Biological Diversity, 15 Central African Monetary Area (CAMA), 502. Convention on International Trade in See also CFA franc zone Endangered Species of Wild Fauna and certificate of origin (CO), 177 Flora (CITES), 15 CFA franc zone, 479, 502-504 cooperative equilibrium, 176 change in tariff heading (CTH), 177-178 copyrights, 156-157



546 Index

Corn Laws (British), 51, 115 devaluation. See exchange rates Costa Rica, 13, 126, 160, 236-240, 244, 256, development 266, 268 international, 12, 16, 20, 300, 301, 337, 539 countervailing duty (CVD), 124, 133, 135, 137, 142 development. See economic development covered interest rate parity (CIP), 389 Dillon Round, 147 direct exporting. See foreign market entry See also interest rate parity condition crawling pegs. See exchange rates direct foreign investment. See foreign direct investment crises, 11-12, 334, 335-336, 342-343, 347-348, 415, 435, 437-438, 440, 454, 459, direct investment, 7, 9, 19-20, 186, 256, 259, 462-463, 465-466, 467, 469, 472-475, 263, 283, 320-321, 327, 334-336, 351, 436, 437, 536-537, 540, 542 497, 499-500, 534, 536-537 Dispute Settlement Body, 150, 159 Asian crisis, 191, 465 asset price deflation, 451 dispute settlement mechanism (DSM), 134 balance of payments, 451, 457 dispute settlement process, 150, 159-162, 167 banking, 451 the "banana" dispute (box), 160 bubbles, 454, 457, 468, 474 dissemination risk, 212, 226, 228, 239, 242 contagion, 339, 458-459, 470 Doha Round, 1, 145-146, 147, 152, 155, 158, currency, 451 164-165, 167, 190, 194-195, 302 domestic debt, 451 domestic support, 150-152, 164-165 external debt, 451 Dominican Republic, 115, 126 sovereign debt default, 457 Dubai, 156 global financial, 1, 214, 299, 326, 338, 422, dumping, 111-112, 123-124, 133-135, 162, 190 451, 455, 468, 469, 479 See also anti-dumping Great Depression, 414, 423, 459 hyperinflation, 375, 413, 414, 451-454, 474 East Asia, 85, 191, 213, 235, 248, 267, 274, subprime crisis, 440, 468, 470 520-522 cross-border trade. See Mode 1 trade and growth in (box), 521-523 cross-price elasticity. See elasticity of demand economic development, 91, 253, 265, 289, 303, culture, 14-15, 16, 18, 20, 97, 103, 121, 211, 327, 509, 522 222, 259, 265, 277, 295 capabilities approach, 13 currencies, 19 growth, 508-509, 523, 528 currency board. See exchange rates structural change, 439, 446, 459, 465-466, currency crises. See crises 539, 543 current account, 259, 263, 319-327, 343-344, economic growth, 260, 274, 338, 347, 456, 509, 381, 385-386, 407, 409, 435, 439, 459-514, 518, 522, 523-524, 526, 528 460, 461-464, 466, 468, 475, 497, 500 growth theory, 524 human capital, 60-61, 75, 108, 211, 221, 235, balance, 319-320, 322, 497 deficit, 320-321, 323-324, 326-327, 409, 258, 260, 261, 290, 291-292, 299, 508, 439, 459-460, 461-464, 466, 468, 497 520, 523-524, 526, 527, 533 surplus, 326, 407, 435, 500 institutions, 523 customs procedures, 125 natural capital, 61 customs unions. path dependence, 524 See preferential trade agreements pro-poor growth, 511 Czech Republic, 29, 182, 215, 481, 483 Solow residual, 516 economies, 31, 49, 64, 67, 86-87, 90, 135, 209, de minimis rule, 178 219, 221, 222, 238-239, 413, 414, 446, deadweight loss, 129 447, 508, 510, 521-522, 536-537 deflation, 413, 451-452, 454-455, 457, 458, firm-level, 209, 238-239, 244, 252 465, 468-469, 474 Ecuador, 127, 263 demand, changes in, 41 education, 13, 61, 108-109, 113, 259, 274, 277, demand diagonal, 45 287, 288-289, 290, 292-294, 301, 436, demand-side factors, 42 510, 515, 517-519, 522-524, 527-528 El Salvador, 194 incomes, 42 preferences, 42 elasticity of demand, 89, 141 depreciation. See exchange rates cross-price, 141



Index 547

```
endogenous protection, 98, 104, 119-120
                                                     real, 355, 357, 361-363, 366, 369-370, 371,
Enhanced Structural Adjustment Facility (ESAF),
                                                          374-375, 388, 409-410, 415, 434
                                                     revaluation, 403
environment, 14-16, 18, 20-21, 37-38, 74-77,
                                                     spot, 358, 369
       162-163, 186, 187-188, 207, 244-246,
                                                     stability. See impossible trinity.
                                                     trade-based model, 376, 378-380, 386, 390
       258-259-261, 263, 264-265, 275, 277,
       540, 541
                                                     undervaluation, 403
environmental Kuznets curve, 75
                                                        is China's currency undervalued? (box), 407
equities, 10
                                                   expectations. See exchange rates
equity portfolio investment, 335, 338
                                                   export processing zone, 269
                                                   export promotion, 522
Ethiopia, 13, 439
  the IMF in Ethiopia (box), 439
                                                   export subsidies, 148, 150-152, 167, 184, 528
                                                   Extended Credit Facility (ECF), 429, 430
ethno-nationalism, 16, 113, 167, 295
European Central Bank (ECB), 479, 489, 490
                                                   Extended Fund Facility (EFF), 429, 430
European Coal and Steel Community (ECSC),
                                                   external balance. See production possibilities
                                                          frontier
       183, 483, 486
European Council of Ministers of Economics
       and Finance, 482
                                                   fabrication, 233
European Economic Community (EEC), 182-183,
                                                   factor endowments, 60, 61-63, 68-69, 70,
       482, 483, 488
                                                          71-74, 76, 81, 101-102, 105, 108, 119
                                                   factor intensities, 62, 76
European Financial Stability Facility (EFSF),
                                                   factors of production, 19, 60-61, 62, 71, 73, 76,
European Monetary Institute (EMI), 485
                                                          101-104, 110-111, 112-113, 319-320, 374
European Monetary Union (EMU), 182, 185,
                                                   finance, 2, 8-14, 19-22, 283, 288, 292, 301, 311,
       274, 441, 479, 483-484-485, 486-490,
                                                          316-317, 327-328, 334, 339, 340-341,
       491-497, 499-500, 501-502, 504-505
                                                          342, 344-346, 351-352, 369-370, 411,
European Stability Mechanism (ESM), 499
                                                          421-422, 445-446, 447, 458, 459, 475, 479
European Union (EU), 12, 112, 155-156, 164,
                                                     international, 2, 8-12, 19-22, 245-246, 274,
       167, 174, 177, 181–184, 186, 224,
                                                          283, 301, 311, 317, 327-328, 334, 337,
       273-274, 284-285, 287, 359, 482,
                                                          369-370, 411, 421-422, 445-446, 447,
       483-485, 505
                                                          458, 528, 539
  Maastricht Treaty, 183, 481, 485
                                                   financial capital. See capital flows
                                                   financial intermediary, 312
exchange rate exposure. See exchange rates
exchange rates, 355-357, 358-359, 361-367,
                                                   firm-specific assets. See assets, firm-specific
       369-371, 377, 381-382, 386-390, 392,
                                                   flexible manufacturing, 208
       401, 402-404, 407, 408-412, 414-415,
                                                   flows, 4, 7-8, 11-12, 72-73, 78-79, 185,
       418-419, 464, 475, 479, 491-492
                                                          219-220, 227, 283-284, 288-290, 293,
  appreciation, 377
                                                          298-300, 313-314, 320-322, 334-339,
  assets-based model, 378, 381, 386-388, 390,
                                                          341, 342-346, 348-349, 351-352, 366,
                                                          381-382, 398, 494, 509, 534-535
  crawling peg, 400, 412, 415
                                                   foreign direct investment (FDI), 1, 19-21, 78, 108,
  currency board, 189, 400, 401, 413-416, 436,
                                                          153, 186, 283, 320, 327, 334-335-336,
       458-481, 482
                                                          351, 436, 437, 522, 536-537, 540, 542
  depreciation, 402
                                                     backward vertical, 236, 239, 240, 252
                                                     forward vertical, 240
  devaluation, 402
  effective, 359
                                                     greenfield investment, 207, 211-212, 222, 239
    real, 361
                                                     joint venture, 203, 207, 222, 229, 266
  expectations, 386-388, 410, 412
                                                     knowledge capital model, 211
  exposure, 355, 368
                                                     market seeking, 208-209, 228, 244, 540
  fixed, 400, 414
                                                     mergers and acquisitions, 207
  forward, 389
                                                     resource seeking, 208-209, 228, 244, 542
                                                   foreign exchange, 10
  nominal, 357, 359, 361-367, 370, 376, 378,
       381, 386, 388, 390, 392, 394, 399-401,
                                                   foreign market entry, 205-206, 207-208,
       404, 411-412, 454, 464, 510
                                                          210-212, 215, 218, 226, 228-229, 236,
  overvaluation, 364, 404
                                                          242, 286, 369
```



548 Index

foreign market entry (cont.) gold standard, 423, 446, 447-448 direct exporting, 205 gold-exchange standard, 422-423, 425, 447 indirect exporting, 204, 211 government bonds. See bonds foreign outsourcing, 6, 17-18, 206 government procurement, 127 foreign savings, 313 gravity models, 78-79 forward exchange rate. See exchange rates Great Depression. See crises Foxconn, 245 Greece, 12, 182, 341, 440-442, 452, 457, 480, France, 80, 84-182, 183, 216, 423, 428, 434, 488, 496-499, 501 445, 479-480, 483, 488, 496, 501, 502 greenfield investment. See foreign direct franchising, 7, 204-206-207 investment gross domestic product (GDP), 3, 75, 78-79, free trade area. See preferential trade agreements 333, 485, 508 Free Trade Area of the Americas (FTAA), 190 per capita, 508 fundamental accounting equation, 315 Group of 10 (G-10), 471 fundamental equilibrium exchange rate (FEER). Group of 20 (G-20), 164 See exchange rates growth elasticity of poverty, 511 growth. See economic growth gains from trade, 27, 35-37, 44, 54-56, 69-71, Grubel-Lloyd index, 84, 95-96, 344 74, 76, 89, 97, 101, 108, 114, 157, 475, 526 net welfare increase, 35 Haiti, 126 General Agreement on Tariffs and Trade (GATT), health, 1, 18, 37, 124-125, 153, 157-159, 259, 263-264, 275, 277, 292, 436, 453, 485, 60, 517, 520, 523, 533, 539, 541 binding, 149 510, 519, 525, 526, 527-528 non-discrimination, 147 access to medicines (box), 158 quantitative restrictions, 148 Heckscher-Ohlin model, 27, 44, 60-64, 71, General Agreement on Trade in Services (GATS), 72-73, 75-76, 82, 99, 101-102, 103-105, 131, 134-135, 149, 150, 152, 156, 159-109-110, 114-115, 119, 187, 269 161, 162-163, 166-167, 168, 173-176, heterarchy, 218-220 194, 195, 268, 302, 528 Honda, 203 General Arrangements to Borrow (GAB), 431 Honduras, 126 Geneva Convention, 301 Hong Kong, 85, 217, 464 geographical indications, 157 housing mortgages. See United States housing Germany, 5-6, 84, 115-182, 183, 216-217, 326, market 423, 427, 428, 445, 480, 483, 486-488, human capital. See economic growth 491, 496, 497, 499-500, 501 Human Development Index (HDI), 13 Global Commission on International Migration Hungary, 215 (GCIM), 301 hyperinflation. See crises global financial crisis (GFC), 338, 340-341, illicit trade, 15, 37-38, 99, 258 342-343, 422, 440, 451, 455, 457, 468, 469-470, 472, 473-475, 479, 481, imperfect substitutes model, 122, 134, 136, 137 491-493, 495-497, 499, 501 See also crises import licenses, 132 global safeguard investigation, 112 impossible trinity, 411, 414-416, 445, 511 Global Trade Analysis Project (box), 137 capital mobility, 411 global value chain (GVC), 8-9, 15, 91, 92, 108, exchange rate stability, 411-412, 415, 217, 232, 236-237, 239-240, 241, 242-445-446 monetary independence, 411-412, 415, 253, 256-257, 268-271, 277-278, 335, 538 globalization, 1-2, 4, 9, 14-17, 27, 69, 71, 445-446 113-114, 227, 228, 232, 252-253, 283, Inclusive Wealth Report, 61 290, 297, 303-304, 326-328, 346 income inequality, 109 economic globalization, 14, 15-16, 38, 60, 69, India, 13, 16, 17-18, 113, 153, 156, 158, 208, 227, 232, 253, 256, 283, 290, 304, 164-165, 191, 219, 225, 248, 284, 291, 328, 337, 346, 351 293, 443, 510, 520, 524 globally systemically important bank (GSIB), 472 indirect exporting. See foreign market entry



Indonesia, 11, 85, 111, 113, 147, 191-192, 219,

Index 549

international production. See production,

```
246, 262, 357, 365, 437, 443, 451, 457,
                                                           international
                                                    International Stabilization Fund (ISF), 421
       464, 465-467, 510
  the Indonesian crisis (box), 466
                                                    International Trade Organization (ITO), 146
industrial designs, 157
                                                    intra-firm diffusion, 29
                                                    intra-firm trade. See trade, intra-firm
Industrial Technology Research Institute, 235
inflation, 3-4, 402, 413-414, 423, 434, 439,
                                                    intra-industry trade. See trade, intra-industry
       452-453, 457, 467, 469, 474, 487-488,
                                                    investor-state dispute settlement (ISDS), 192
       492-493, 500-501, 504
                                                    Ireland, 12, 182, 215, 273-274, 440-442, 480,
information and communication technology, 17,
                                                           488, 497-499
       33, 37, 108, 114, 154, 208, 228, 232, 290
                                                    Italy, 6, 12, 84-182, 183, 217, 422, 428, 480,
institutionalism, 98-99, 114, 120
                                                           483, 487-488, 491, 497
institutions, 145-146, 256, 258, 272, 274, 276,
       292-293, 312, 421, 452, 455, 458-459,
                                                    Jamaica, 126
       469-470, 508, 515, 523-528, 534
                                                    Japan, 28-33-37, 44-50, 51-55, 62-68, 70-74,
intangible assets, 238
                                                           84-85, 97, 101-103, 111-112, 121-122,
integrated circuits, 156, 157, 232
                                                           128-132, 138, 142-144, 191-192, 214,
Intel, 149, 151, 155-156, 168, 194, 224, 226,
                                                           216, 217, 248, 357-358, 454-455
       227, 234, 235–240, 244, 268, 273, 355
                                                      consumer surplus and producer surplus in, 130
intellectual property, 145, 149, 151, 155-156,
                                                      industrial robots, 29-30, 112
       157, 166-167-168, 186, 190, 192,
                                                      intra-industry trade in, 85
       194-195, 226-227, 238
                                                      rice imports into, 97
Intellectual Property Committee (IPC), 156
                                                      steel exports of, 111
intellectual property rights, 149, 151, 155, 194, 226
                                                    joint venture. See foreign direct investment
interest rate parity condition, 388-389, 408,
                                                    July 2008 Package, 165
       460, 465
  covered interest rate parity, 389
                                                    Kennedy Round, 171
  covered versus uncovered interest rate parity
                                                    Keynes, John Maynard, 392, 421, 424-425, 431,
       (box), 389
                                                           433, 434, 446, 448
  uncovered interest rate parity, 389
                                                    Keynes Plan, 421, 431, 433, 434, 448
inter-industry trade, 80-81, 90, 91, 92-93, 95,
                                                    knowledge capital, 211
       104, 108, 136, 187, 240. See also trade,
                                                    Kyoto Protocol, 15
       inter-industry
internal balance. See production possibilities
                                                    labor-intensive good (LIG), 105
       frontier
                                                    Latin America, 123
internalization, 232, 237-238
                                                    law, international, 15, 146, 160
International Bank for Reconstruction and
                                                    lender of last resort, 497, 500, 504
       Development. See World Bank
                                                    licensing. See technology
international capital mobility, 99, 100
                                                    life expectancies, 13-14
International Clearing Union (ICU), 421
                                                    linkage, 271, 272, 327, 458
international development. See development,
                                                    lobbying, 100, 111
       international
                                                    local content requirement, 266
international finance. See finance, international
                                                    logistics, 3, 4, 91, 205, 234, 272
International Financial Statistics, 326-327, 328,
                                                    Lorenz curve. See income inequality
       371, 391
                                                    low and middle-income countries (LMICs), 7,
international investment agreements
                                                           11, 148, 152, 155, 157-158, 164-165,
  regional investment treaties, 258
                                                           167, 168, 214-215, 257-258, 261, 302,
International Labour Organization, 301
                                                           324-326, 337-339, 340-341, 435,
International Monetary Fund (IMF), 146, 150,
                                                           440-442, 467
       326-327, 328, 347-348, 371, 391, 400,
       416, 421, 451, 453, 463
                                                    Maastricht Treaty. See European Union
International Organization for Migration (IOM),
                                                    Malaysia, 6, 85, 191-192, 350, 437, 451, 464,
                                                           473, 508, 512
```



550 Index

marginal cost (MC), 86-88 most favored nation. See non-discrimination marginal revenue (MR), 87-88 movement of consumers, 302 market access, 150 Multilateral Agreement on Investment (MAI), market economy (ME), 135, 340 274-275 market failure, 238, 525 multilateral environment agreements (MEA), 23 market-seeking foreign direct investment. See multilateral trade negotiation (MTN), 1, 97, 142, foreign direct investment 146-147, 173, 190, 193 Marrakesh Agreement, 134, 145, 147, 149-150, multilateralism, 165, 173-174, 192-194 154-155, 159, 162, 176, 194, 267, 277 multinational corporation. See multinational material injury, 133-134, 135 enterprise multinational enterprise (MNE), 7, 14-15, 19, matrix management, 218 medical transcription services. See services 203, 207, 209-210, 212-213, 215-216, mercantilism, 28, 50 218-222, 224-225, 227-228, 229, 239, Mercosur, 127, 174, 189 242-243, 256-257, 258-265, 266-268, mergers and acquisitions (M&A), 7, 204, 207, 271-274, 275-277, 284, 293, 537, 541 213, 222, 336 multinational enterprises, backward linkages, Mexico, 11, 17, 84, 112, 127, 173, 186-188, 190, 271 192, 224, 262, 266, 299, 311-323, 356-Myanmar, 127, 191, 457 357, 359-363, 365, 366-367, 373-374, 377, 379, 388-389, 394-398, 402, 406, NAFTA automobile ROOs (box), 177 408-409, 416, 418, 434-435, 437, 443, national treatment (NT), 173. See also non-451, 452, 454, 457, 459-462, 520 discrimination currency crash, 454 natural capital, 61 FDI flows into, 186 Negotiating Group on Basic Telecommunications free trade agreements and, 174 (NGBT), 154 net factor income, 333 intra-industry trade with the United States, 84 Summit of the Americas, 190 net income, 263, 319-320, 405-406, 409, 415 Middle East, 85 Netherlands, the, 84, 182, 480, 488 migration, 9, 14, 17, 21, 54, 73, 76, 113, 184, New Arrangements to Borrow (NAB), 431 185, 188, 225, 227, 283-288, 289-292, newly industrialized countries, 85 293-296, 298-304, 346, 495 Nicaragua, 126 Baumol effect, 294 Niger Delta, 18 illegal, 285, 303 nominal exchange rate. See exchange rates migration hump, 289 non-discrimination, 147, 148, 153-154, 156, permanent high-skilled, 284 167, 173, 195 refugees, 284, 286, 301 most favored nation (MFN), 134, 147-148, undocumented, 285 161, 173, 184, 195 miniaturization, 14 national treatment, 126, 155, 162, 173, 275, Mode 1, 153, 195, 302 446 Mode 2, 153, 302 non-governmental organization (NGO), 436 Mode 3, 153, 154, 167, 195, 302 non-market economy (NME), 135 Mode 4, 153, 154, 302-303 non-tariff measure (NTM), 123-128, 131, 133, mode of services supply, 152, 302 135, 175, 191 Modi, Narendra, 16 North American Agreement on Environmental monetary independence. See impossible trinity Cooperation (NAAEC), 186 monetary policies, 387, 392, 395-398, 399, 418 North American Agreement on Labor monetary union, 176-177, 182-183, 185, 274, Cooperation (NAALC), 186 415, 441, 479, 482-484, 485, 486-487, North American Free Trade Agreement (NAFTA), 492, 496-497, 502-503, 504-505 5, 105, 174, 177, 185-187 North-South trade. See trade, North-South monopolistic competition model, 87-89, 92 Montreal Protocol on Substances that Deplete the Ozone Layer, 15 official development assistance (ODA), 298 Morecambe Bay cockle tragedy, 297 open-economy accounts, 311, 317, 321, mortgage-backed security (MBS), 468 327-328, 329, 331, 378



Index 551

open-economy macroeconomic model, 317 opportunity cost, 57, 65 optimum currency areas. See regionalism Organisation for Economic Co-operation and Development (OECD), 37, 84, 250, 274 Organisation for European Economic Co-operation, 432 original sin, 342 other investment, 321, 335-336, 342 outsourcing, 7, 17-18, 204-206 overvaluation. See exchange rates ownership requirements, 266 ozone layer, 15 Pakistan, 357, 376, 443 Paraguay, 127, 189, 457 patents, 156-157, 158, 211, 227, 228, 238, 272 perfect competition, 58 perfect factor mobility, 110 performance requirements, 267-268, 275, 277 Permanent Court of Arbitration (The Hague) (PCA), 264 Peru, 126, 189, 192, 264 Peterson Institute for International Economics, 21, 435 petroleum industry, 18 the petroleum industry in the Ecuadorian Amazon (box), 263 Philippines, the, 11, 85, 191, 365, 451, 464 Poland, 182, 215, 399, 482, 483, 501 political economy, 37, 38, 48, 50, 55, 60, 93, 97-104, 109-110, 112-113, 114-115, 119, 304, 416, 421, 443, 448 politics, 14-15, 18, 20, 100, 115, 120, 303, 423, pollution haven hypothesis, 263 portfolio investment, 320-321, 327, 334-335, 338, 341, 349, 437, 460 Portugal, 12, 182, 442, 457, 480, 487-488, 497-499, 502 post-Fordism. See Toyotism poverty, 2, 21, 27, 303, 414, 436, 437, 440, 501, 509, 512 Poverty Reduction and Growth Facility (PRGF), 439 preferential trade agreements, 5, 127, 136, 148, 155, 173-175, 479 customs unions, 174, 193, 258 free trade area, 174, 190, 258 regional trade agreements, 173 spaghetti bowl, 193 pressure group models, 100 producer surplus, 35-36, 42, 129, 130-133, 141, 180

product differentiation, 81, 86, 89, 92-93, 136, 266 production, international, 4 production factors, 22. See also factor endowmentsproduction function, 60, 517, 520, 523, 533, 539, 541 intensive, 533 production possibilities frontier, 44, 46, 57, 59, pro-poor growth. See economic growth protection, 98, 112 purchasing power parity model, 355, 362, 364, 370, 372, 374, 376, 390 quantitative performance criterion (QPC), 432 quantitative trade restrictions, 123 quantity demanded, changes in, 41 quantity supplied, changes in, 41 quota, 121, 124, 127, 133, 138, 142-144, 148, 150, 161, 291, 301, 350, 428-430, 435, 441-442 rents, 132, 133, 143-144 Rapid Credit Facility (RCF), 430 Rapid Financing Instrument (RFI), 430 rare earth elements (REEs), 33, 99 rate of return to education (RORE), 519 real exchange rate. See exchange rates realism, 98-100, 114-115, 312 recession, 299, 337, 410, 463, 494-495, 497-500, 501 refugees, 284, 286, 297, 301 regional trade agreements. See preferential trade agreements regional value content (RVC), 178 regionalism, 173-174, 192-193, 194, 196 common market, 177, 183, 196 optimum currency areas, 479, 493-494, 496 remittances, 284, 286, 293, 297, 298-300, 304, 312, 320 research and development (R&D), 7, 203, 212, 218, 223-224, 261, 266 resource-seeking foreign direct investment. See foreign direct investment Responsible Minerals Assurance Process (RMAP), 246 Restriction of Hazardous Substances (RoHS), 246 revaluation. See exchange rates revealed symmetrical comparative advantage (RSCA), 70 Ricardian model, 27, 44, 46-47, 49, 51-55, 60, 64, 66-67, 68-69, 70-71, 73, 75, 104, 113



552 Index

supply-side factors, 41 Ricardo, David, 27, 44, 48, 50-51, 56, 115 Romania, 183, 215, 440, 442, 482, 484 factor prices, 41 technology, 41 rule of origin (ROO), 177 Russia, 11, 111, 215, 357, 365, 438, 443, 451 Swiss formula, 171–172 Swissair, 17 sanitary and phytosanitary requirements, 125 Switzerland, 17, 217, 365 Saro-Wiwa, Ken, 18 Seattle Ministerial Conference. See World Trade Taiwan, 85, 91, 111, 235, 245, 247, 293, 464, Organization securitization, 339, 470 Taiwan Semiconductor Manufacturing Company semiconductor industry, 99, 232-237, 239, 241, (TSMC), 235 243, 247, 253 Tanzania, 215 tariff, 5, 124, 127-133, 137-138, 141-144, Senegal, 1 services, 2-4, 8-9, 17-18, 37, 149, 151-155, 146-147, 149, 150-152, 161, 167, 157, 166-167, 175, 185-186, 194-195, 171, 174-178, 179-180, 183-184, 191, 193-194, 251, 535-536, 541, 543 209-210, 234, 248-249, 263, 273-274, 283-284, 294, 302-303, 316, 318-319, ad valorem, 123, 128, 191 323, 360-362, 364, 373, 538 specific, 123, 128, 132, 141 medical transcription services, 18 within-quota, 142 Singapore, 85, 164, 191-192, 275 tariff rate quota, 122, 124, 127, 137, 142-144, skilled labor-intensive good (SLIG), 108 161 Slovakia, 111, 215, 483 tariffication, 167 smile curve, 247 technical barriers to trade, 124, 125 Smith, Adam, 28-29, 36, 38, 44, 50, 526 technology, 4-5, 16-18, 20-21, 22-23, 31, 37-Smithsonian Conference, 427 38, 41-42, 57-58, 69-70, 72-76, 98-99, smooth adjustment hypothesis, 90-91 107-109, 114, 157-158, 206, 208-209, South Africa, 34, 111, 127, 158, 164, 214-215, 221-222, 226-227, 247, 259-262, 266, 357, 365, 504 272-273, 293-294, 515-516, 520, 522, South Africa Breweries (SAB) (box), 215 523 South Korea, 13, 85, 112, 191, 365, 437, 440, endogenous, 517 442, 451, 464-465, 508, 512, 522, 525 licensing, 206, 226, 235, 267, 522 sovereignty, 286, 301, 304, 444 transfer, 158, 222, 227, 259, 261-262, 266, spaghetti bowl. See preferential trade 267, 293, 520, 522, 527 terms of trade, 129, 141-142 agreements Spain, 12, 182, 217, 480, 487-488, 497, 499, Thailand, 11, 85, 111, 113, 191, 262, 350, 357, 502 365, 437, 451, 458, 462-466, 473, 508, special drawing right (SDR), 484 the Baht crisis (box), 463 specialization in production, 66 specific factors model, 99-100, 110 Tokyo Round, 171 specific tariff. See tariff trade spiky globalization. See globalization inter-industry, 75, 80-81, 90, 91, 92-93, 97, spillovers, 261, 522 104, 108, 136, 187, 240-241 standards and technical regulations, 125 international, 1, 2-5, 9-11, 12, 19-21, Standby Credit Facility (SCF), 430 27-28, 31-32, 54-55, 61-63, 68-70, 82, steel, 110 88-89, 102, 104-106, 145-146, 159-160, Stolper-Samuelson theorem, 99-100, 103-110, 166-168, 228, 274, 300-301, 327-328, 112, 114-115, 119, 187 337, 447, 527-528, 539 structural adjustment, 1, 439, 446 intra-firm, 232, 240-241, 244, 252-253, 276 structuralism, 459, 539 intra-industry, 69, 76, 80-87, 89-93, 97, 104, subcontracting, 204-206 108, 136, 187, 191, 240-241, 344 subsidies, 123, 135, 148, 150-152, 155, 163, computer products trade (box), 91 164, 167, 184, 190, 235, 467, 528 horizontal, 81-83, 84, 89-90, 92-93, 240 supply, changes in, 41 vertical, 83-84, 85, 89-93, 191 supply and demand model, 30, 35, 38, 40-42, 44 North-South, 98, 104-108, 116, 187



Index 553

political economy of, 5, 37, 38, 55, 60, 93, 97-104, 109-110, 112-113, 114-115, 119, 131, 229, 304 trade creation, 174, 181, 184-185, 196 trade diversion, 174, 179, 180-181, 184-185, 191, 194, 196 Trade in Services Agreement (TiSA), 155 Trade in Value Added (project/database) (TiVA), 250-251, 253, 269 trade policy analysis, 60, 76, 121-122, 125, 136-138, 142, 252 trade related investment measures (TRIMs), 267, traded goods, 467, 510 trademark, 156, 206 Trade-Related Aspects of Intellectual Property Rights (TRIPS), 155 transactions costs, 208 transfer pricing, 276 transnational corporation. See multinational enterprise transnationality index, 215-217 Trans-Pacific Partnership (TPP), 192 transportation, 3-5, 8, 186, 188, 233-234, 239, 244, 269 Triffin dilemma, 427, 433 Trinidad and Tobago, 126 Troubled Asset Relief Program (TARP), 469 Trump, Donald, 16, 112, 188, 192, 251 Turkey, 111, 357, 365, 442-443, 458 Ukraine, 215 undervaluation. See exchange rates undocumented migration. See migration United Kingdom, 1, 6, 12, 16, 84, 182-184,

214-217, 291, 297, 357, 423, 428, 443, 445, 468, 481–482, 483–484, 488, 505 Brexit, 1, 16, 183-184, 185, 481, 484 United Nations Conference on Trade and Development (UNCTAD), 229, 258 United Nations Development Programme (UNDP), 13 United Nations Framework Convention on Climate Change, 15 United Nations High-Level Dialogue (HLD) on International Migration and Development, 300, 301 United States housing market, 12, 468 housing mortgages, 12 unremunerated reserve requirement (URR), 106-107, 350 Uruguay, 127, 147, 189, 262, 457 Uruguay Round, 97, 134, 142, 147, 149, 152, 156 US International Trade Commission, 111-112, US steel protection (box), 135, 190 value chain, 239, 240, 241, 242, 243, 247, 251, 252, 271, 275 value of non-originating materials, 178 variable deposit requirements, 350, 473 Venezuela, 111, 127, 160, 189, 190, 262, 341, 414, 452-453, 457 Vietnam, 27-29, 30-33, 35-37, 44-50, 51-54, 62-68, 70-72, 80, 90, 97, 101-103, 110, 113, 121-122, 128-131, 138, 191-192, 203, 207-208, 246, 248-249, 251, 262, 437, 520 Vietnam, Honda in, 207 Vietnam Engine and Agricultural Machinery Corporation (VEAM), 208 voluntary export restraint (VER), 124, 127 wages, 104-109, 115, 187, 259, 287, 295-296, 333, 494-495, 501 in Latin America (box), 107 Washington Consensus, 437, 448, 466 Wealth of Nations, The, 36 wealth portfolios, 10 welfare, 12-13, 35-38, 43, 45, 54-55, 70, 74, 97, 125, 128-133, 136, 137-138, 141, 157, 179-181, 194, 195-196, 266 West African Monetary Union (WAMU). See CFA franc zone White Plan, 421, 431, 433, 448 willingness to accept, 43 willingness to pay, 42 windows, 425 Wiwa, Owens, 18 women, 519 Working Group on Environmental Measures and International Trade (EMIT), 162 World Bank, 3, 6, 8, 10, 21, 274, 295-296, 299-301, 337, 338, 435, 437, 439, 456, 464, 466, 522, 523, 535-536, 543 Industrial Pollution Projection System, 187 institution for international economic development, 145 World Trade Organization, 4, 5, 131, 134, 138, 145, 147, 148-149, 173, 175, 250, 253, 301-302, 538, 540, 543 Cancún Ministerial Conference, 1

dispute settlement mechanism, 34, 134

Seattle Ministerial Conference, 1

Zimbabwe, 414, 452-454, 457