



Global Shift

How the West Should Respond to the Rise of China

A Transatlantic Academy Policy Paper

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Overview

How should the west respond to the rise of China and other new powers, looking ahead to the next 10-15 years?

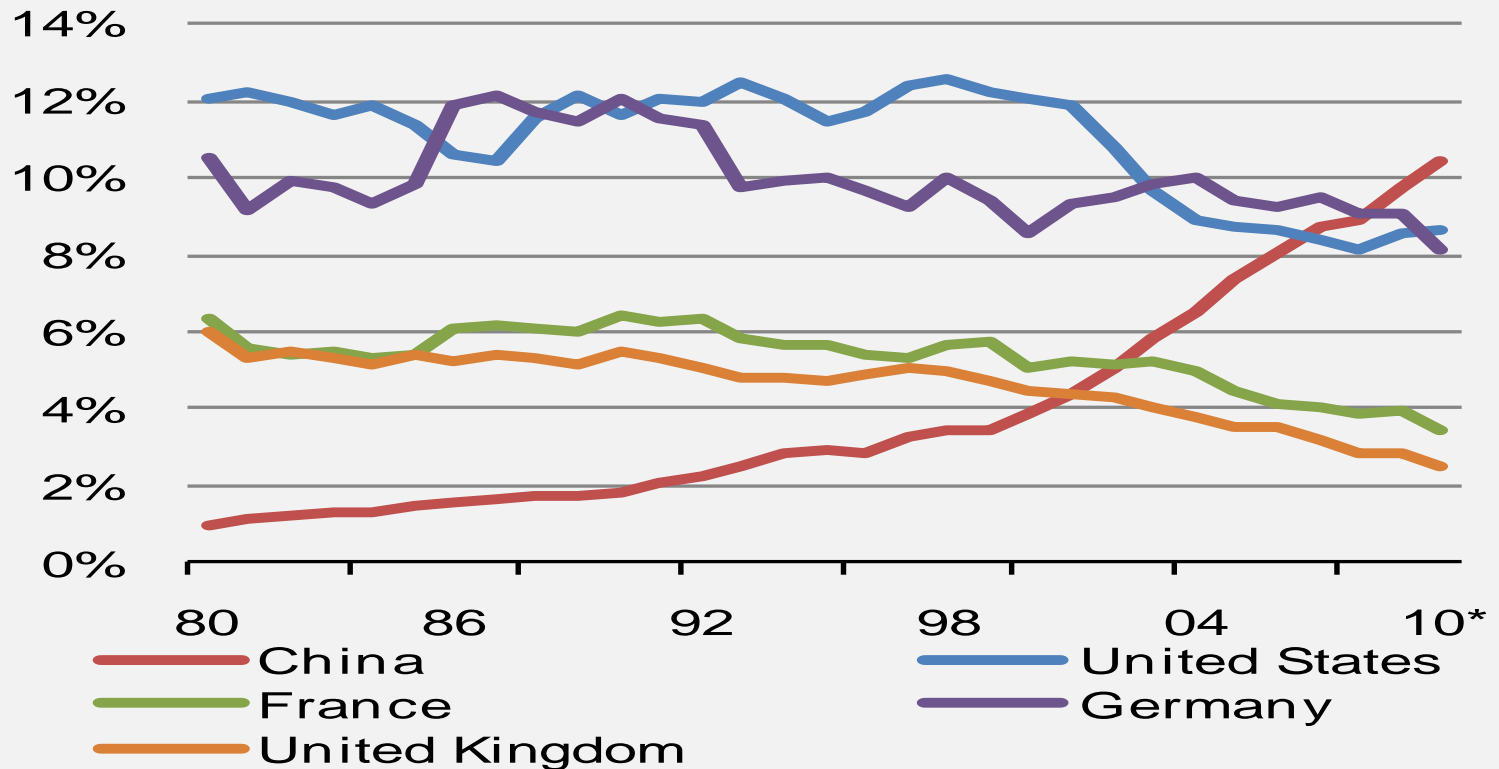
A New Strategy for the West:

- ❖ **Get Our Own House in Order**
- ❖ **Lead by Example**
- ❖ **New Transatlantic Division of Labor**
- ❖ **Proactively Recast Global Bargains**

Global Trade: The Rise of China

Export Performance

Exports as a percent of World Total



Source: IMF

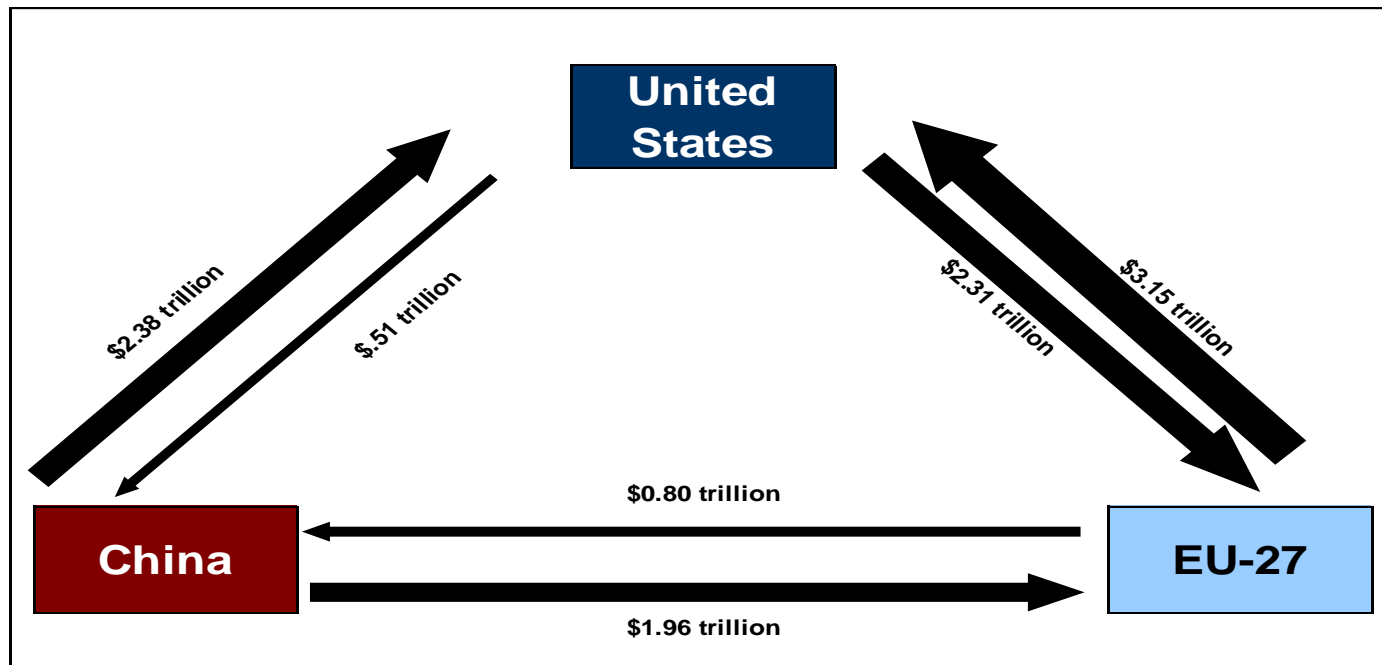
The Rise of China

- ❖ **Successful and large, but also inward-looking and vulnerable**
- ❖ **Uncertain Domestic and International Trajectory**
- ❖ **Based on opportunities provided by liberal international order**
- ❖ **No fundamental alternative to present global order**
- ❖ **Challenge for global governance**

The Transatlantic Community in Global Trade

Trilateral Merchandise Trade Flows

1999 through 2009



Source: International Monetary Fund

Data through December 31, 2009

All bilateral trade flows based on import statistics reported by the host nation

The Transatlantic Community

- ❖ **Historically Successful**
- ❖ **Strong Common Values**
- ❖ **Strength in Diversity**
- ❖ **Record of Transatlantic and Global Cooperation**
- ❖ **Continued Vitality and Attractiveness**

Challenges in Global Trade Governance

- ❖ **Completion of Doha Round**
- ❖ **Management of Free Trade Agreements**

- ❖ **Critical Uncertainty: Leadership**
 - ❖ **Who will lead?**
 - ❖ **How will they agree to cooperate?**

❖ Deliver Doha

- ❖ EU should take the lead in breaking deadlock

❖ Coordinate Core Provisions in Free Trade Agreements (FTAs)

- ❖ “Essential commitments”: minimum levels of liberalization common to EU and US FTAs
- ❖ Transatlantic “model” of trade liberalization: common provisions on SPS, TBT, AD, TRIPs, services, state aid

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