

1W//645865(039)

Jessie Poon
and David L. Rigby

International Trade

the basics

ROUTLEDGE



CONTENTS

List of figures	vii
List of tables	ix
List of boxes	xi
1 Introduction	1
The growth of trade	4
History of trade	6
Globalization and contemporary trade patterns	10
Objective of the book	12
Outline of the book	13
2 Trade theory	16
Comparative advantage	17
The Heckscher–Ohlin model	23
The Stolper–Samuelson theorem	29
Leontieff’s Paradox	31
Terms of trade	32
New trade theory: economies of scale and imperfect competition in trade models	33
New, new trade theory: global outsourcing	35
3 Transnational corporations, trade and the global economy	43
Origins of TNCs and why firms internationalize	44
The growth of transnational corporations	53
Global production networks and commodity value chains	59

	Capturing value in global production networks	64
	TNCs and trade	66
4	Trade governance	73
	Institutional theories	74
	GATT and WTO	79
	Geography of trade: integration and regional trade agreements	84
	Is geography destiny? Regionalism and regional economic integration	86
5	Trade and development	104
	Dynamic comparative advantage	106
	Unequal exchange	107
	Import-substitution and export promotion	110
	Asian flying geese	116
6	Impact of trade	132
	Special economic zones	133
	Impact on labor	137
	Trade and labor standards	138
	Trade, jobs and wages	141
	Ethical trade	144
	Environment and sustainability	148
	Environmental policy and trade agreements	153
7	Conclusion	159
	Trends and directions	160
	Glossary	177
	Bibliography	185
	Index	194

FIGURES

1.1	Growth of world trade, 1870–2010	5
1.2	Map of world trade, 2014	11
2.1	Illustration of comparative advantage	21
2.2	The production possibilities frontier with two inputs	25
2.3	Gains from trade in the Heckscher–Ohlin model	27
2.4	Gravity models of trade	40
3.1	Toyota’s global production network	48
3.2	Growth of TNCs and FDI	55
3.3	The global commodity chain	60
3.4	Different forms of global production networks and governance	65
6.1	Deindustrialization in developed countries	140
6.2	Timing of increases in wage inequality and trade competition	142
6.3	The environmental Kuznets curve and carbon dioxide trade flows	151
7.1	Global trade of North and South	172

TABLES

3.1	Top twenty non-financial TNCs, 2012–13	51
3.2	Shares of world inward and outward FDI stocks (%)	58
3.3	Double counting exports	69
4.1	Timeline of the formation of the European Union	88
4.2	Export share of the EU, NAFTA, AFTA and MERCOSUR, 1990 and 2013 (%)	96
5.1	Principal exports of selected African countries: 2007–13 average share of total exports (%)	109
5.2	Share of manufactured exports (%)	113
5.3	Export dependency of selected countries	120
5.4	China's exports to and imports from selected countries, 1980–2013 (US\$10,000)	124
6.1	Top ten exporters of apparel and electronics, 1990 and 2014 (US\$10,000)	135
7.1	Solar energy trade among top ten countries, 1990 and 2013 (US\$mi)	163

BOXES

2.1	A gravity or spatial interaction model of trade	38
3.1	Ownership and control of Singapore's economy	52
3.2	Double-counting and value added trade measures	67
4.1	Barrier to trade	74
4.2	EU-US beef hormone dispute	82
4.3	Main institutions of the European Union	89
5.1	ISI and Malaysia's automotive industry	114
5.2	The managed trade of steel	127
6.1	International labor organization	141
6.2	Emissions trading	152
6.3	Trade and the Arctic	154
7.1	Trade-related aspects of intellectual property rights (TRIPS)	170