

Geopolitics and Industrial Policy in Global Trade

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This module aims to discuss the recent turbulent developments in international political economy. The unprecedented convergence of a pandemic, trade wars and the Russian invasion to Ukraine has irrevocably transformed the contours of global economic governance. Facing the new zeitgeist of decoupling and de-globalization, the state has continued to increase its intervention in the market by various means, including subsidies and economic sanctions. Will this trend undermine the traditional economic order defined by the World Trade Organization? Relatedly, will this trend be sustainable enough to materialize as a new world economic order? This module is expected to provide students with advanced insights that help them navigate the new global economic environment.

Session 1: How to (Un-) Regulate Subsidies

Why should GATT/WTO norms regulate subsidies? Why, and when, would subsidies harm international trade? Should the environmental subsidies, such as those that help fight climate change, be allowed without limits? What about new industrial subsidies recently introduced for “strategic” reasons, including decoupling and friend-shoring?

Reading Assignments:

- WTO, Subsidies and Countervailing Measures, [Overview](#)
- McKinsey & Co., [The CHIPS and Science Act: Here's What's In It](#) (Oct. 4, 2022).

Session 2: Trade in Geopolitics

The vanished Appellate Body defanged the WTO dispute settlement mechanism that would have disciplined the trade war in due course. How is the trade war fundamentally different from a typical violation of WTO rules? Russia's invasion of Ukraine dealt a fresh blow to global economy that had still reeled from the post-pandemic jitter. In particular, seismic impacts of economic sanctions have plunged world economy into extraordinary uncertainties. Are we witnessing a new bipolar world order (USA/Europe v. China/Russia) in the wake of the Ukraine situation? What roles could the Middle Powers, such as ASEAN nations, play in the nascent bipolar world order?

Reading Assignments:

- Michael Hirsch, [Who's Winning the U.S.-China Trade War? No One](#), Foreign Policy (Sep. 21, 2022)
- Scott Lincicome, [It's the End of Globalization as We Know It \(and That's Probably Fine\), Part 1](#), Cato Institute Commentary (Mar. 30, 2022)