

GLOBALIZATION IMPACT

US-CHINA TRADE WARS

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Abstract

The thirty years of globalization (1990 -2009) has delivered optimistic prove that world progress is unstoppable.

International trade was increasing, costs of shifting goods were falling (due to, invention of container, among others), phone calls became cheaper, foreign direct investments (FDI) were going around the world, supply chains spread between countries and continents, tariffs were shrinking, capital flows spread internationally and bank loans were accessible nearly everywhere.

Significant result – the spectacular growth of profits of global companies and financial institutions delivered prospect for brilliant future. It also allowed to lift about 1.5 billion of people in the world out of poverty.

Things became changing after 2009 financial crisis. All became stagnating or shrinking. When instability occurs all that smoothly moving processes are disturbed. Thus the term “SLOWBALISATION” is used, from 2015, by some watchers of state of global affairs.

The international investors found out that supply chains not always function properly (due to natural disasters or political instability) and that local companies are able to catch-up with their technologies and know-how much quicker than expected (thus creating strong competitiveness).

Free international trade created huge imbalance of payments and has endangered local industries and employment. Growing inequalities raised disappointment of societies and populist movements. It also influenced migrations.

Raising role of service sector in national output caused stagnation of foreign trade

All of it delivered handy arguments for politicians and the most significant; President Donald Trump spectacular “trade war” against China.

The results are to be observed recently. There is shrinking trade and international investments flows, shortening supply chains and regionalization of trade and capital flows, decreasing profits, cross-border bank loans and capital markets turbulences.

The paper tries to monitor recent events and processes as a consequence of decision making, both political leaders and institutions. It also attempts to deliver possible scenarios for the future, concentrating on China and USA.