



Free Trade

The Clingendael Radar alerts you on new threats for European security



New and novel threats to watch

- **WTO dispute settlement mechanism at risk** due to US obstruction
 - US blocks appointment of new judges at WTO: could lead to “crisis” paralysing the heart of WTO if left unresolved [The Economist](#), [FT](#)
 - EU’s Trade Commissioner Cecilia Malmström stated the Trump administration risked “killing the WTO from the inside” [FT](#)
- **Chinese industrial policy undermining free trade**, having negative effects for Europe
 - Leading EU to adopt protectionist policies: anti-dumping laws and investment screening [The Diplomat](#), [FT](#), [Politico](#)
 - Chinese preference for bilateralism in Europe undermining WTO rules and EU unity [Global Policy Journal](#)
- **Consequences of US trade protectionism** starting to materialise
 - US proposed sanctioning EU companies working with Russia: could divide EU between Atlanticist nations and others [Carnegie Europe](#)
 - First consequences being witnessed: UK affected by US tariffs on Canadian firm Bombardier, which partly operates in a UK plant [FT](#)
- **Growing resentment against free trade** regarding perceived links with increasing inequality
 - Polarisation around WTO; Argentina banned activist NGOs attending summit despite WTO favouring these NGOs to attend [FT](#)
 - EU and member states need to address these concerns, as inequality deepens [Reuters](#)



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Long term trend: an increase in threats to free trade

Multi-factor assessment for the next 5 years (2017-2021)

Trend table		 Free trade	Trend
Base rate	Volume of world trade		▼
Economic factors	Cyclical factors (decreasing growth in China, low growth in EU)		▼
	Trade elasticity		▼
Political factors	Use of geo-economic instruments		▲
	Protectionism		▲
	Popular support for free trade		▼

■ Threat to free trade decreasing

■ Threat to free trade increasing

▲ Factor trending up

▼ Factor trending down