



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](#)



Clingendael

Netherlands Institute of International Relations

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