

ANALYSIS

Economics - Sluggish global trade growth is here to stay



Indian Prime Minister Narendra Modi (left) and Chinese President Xi Jinping listen to a speech during the BRICS Leaders Meeting in Goa, India, on October 16. Martin Wolf argues that if trade liberalization is to be revived it will have to be driven by the Asian giants of China and India

By Martin Wolf

Is globalisation reversing? No, but it has lost dynamism, notably in the case of trade, the motor of global economic integration for decades. The question, however, is why trade's growth has fallen. Is it because the world economy has slowed? Is it because of the exhaustion of certain opportunities? Or is it because of protectionism? The answer, suggests the International Monetary Fund in its latest World Economic Outlook, is "yes" to all three hypotheses, to varying degrees.

Between 1960 and 2015, world trade grew at an average rate of 6.6 percent, in real terms, while output grew at an average rate of 3.5 percent. Between 2008 and 2015, however, average annual growth of world trade was just 3.4 percent in real terms, while world output grew at 2.4 percent. Not only has the growth of trade slowed, but the gap between trade growth and that of output also fell sharply.

The IMF concludes that the weak growth in trade volumes

is largely a result of the synchronised economic slowdown in advanced and emerging economies. It also adds that "among goods, trade growth fell for 85 percent of product lines, with the sharpest slowdown observed in trade in capital and intermediate goods." The post-crisis slowdown in investment was therefore particularly significant, the IMF argues, because it is relatively import-intensive. This shift in the composition of global output helps explain why the slowdown in world trade was proportionately bigger than in output. In all, "up to three-fourths of the decline in real goods import growth between 2003-07 and 2012-15 can be traced to weaker economic activity".

This analysis suggests that world trade will recover, provided the world economy and investment do so. The position is, however, not as simple as that. The IMF also focuses on two other factors that it shows to be important: protectionism and the post-crisis halt in the lon-

ger-term tendency towards rising trade within "value chains".

The division of labour among economies, in which some make components that are assembled in others, has created greater trade within such chains of production since the 1990s. This can be measured by the import content in a country's exports, together with the domestic content of exports subsequently used by trading partners in their own exports, all divided by gross exports. This ratio rose up to 2008, but has stagnated since then. That marks at least a halt to a significant form of integration of production across borders.

The story on protectionism may not be entirely independent of that on value chains. Here, too, the story is nuanced. The decline in average tariffs halted in the early 2000s, as reductions agreed in the Uruguay Round of multilateral trade negotiations and China's accession to the World Trade Organisation ran their course. Evidence also exists of a recent rise in non-tariff barriers to trade. At the same time,

the coverage of free-trade agreements has continued to grow, albeit at a slightly slower rate. The fate of the most ambitious arrangements, the Trans-Pacific Partnership (agreed, though not ratified) and the Transatlantic Trade and Investment Partnership (very far from agreed), remains quite uncertain.

For such reasons, notes the IMF, rates of growth of imports between 2012 and 2015 have fallen about 1.75 percentage points short, on average, of what would have been expected from historical relationships between trade flows and global activity. It is also possible that trade's slowdown has, in turn, contributed to weaknesses in growth, including productivity growth.

Political obstacles to big new trade liberalising agreements - whether multilateral (within the World Trade Organisation) or plurilateral (such as TPP or TTIP) - have become high. This is partly because enthusiasm for trade liberalisation is weak. But it is also because today's trade agreements carry a great deal

of largely extraneous regulatory baggage: intellectual property rights are one example; protection accorded investors is another. In particular, many now argue that the "investor-state dispute settlement" procedures included in many such agreements represent an infringement of democratic sovereignty. The Wallon parliament has just blocked the "comprehensive economic and trade agreement" between Canada and the EU for just such reasons.

Still more threatening than such reluctance to liberalise is the rise of primitive forms of outright protectionism. Donald Trump, Republican nominee for the US presidency, is foremost in making such arguments. Indeed, he suggests that blocking imports would magically revive the jobs in manufacturing that existed when, in his view, the US was "great". Yet, as Jagdish Bhagwati of Columbia University notes, "the decline in manufacturing employment has been ongoing for half a century". Shares in employment have fallen with the steady decline of manufacturing in total US output, though at a faster rate, because of rapid productivity growth in this sector. No trade policy could reverse this trend, which is driven by changes in demand and technology. Manufacturing is simply following the trajectory once trodden by agriculture.

With luck, such simple-minded protectionism will fail politically: it certainly cannot solve the problems of distressed former and would-be workers. But a renewed burst of trade liberalisation is far off. Trade would start growing more quickly if global economic growth accelerated. But a world in which trade grew far faster than output is probably now in the past, partly because opportunities for expanded processing trade have diminished, and partly because the era of large-scale trade liberalisation is over. Moreover, if it is revived, it will probably be by the Asian giants - China and India. The days of western leadership on trade seem, alas, to be over.

FT SURVEY

EU citizens in Britain anxious over job security ahead of talks

By Helen Warrell
and Lilah Raptopoulos

Two-fifths of EU citizens living in the UK have concerns over job security as Brexit looms, with particular concern felt by those in the construction, manufacturing, retail and hospitality sectors, a survey of FT readers has found.

The results, from a survey conducted two months after the June 23 referendum, highlight the doubts facing EU nationals over their future in Britain, as Theresa May, prime minister, has so far refused to guarantee the rights of citizens from the bloc before formal negotiations begin.

This week Michael Howard, the former Conservative leader, called on Mrs May to end the “dreadful uncertainty” and urged her to “lead by example” rather than waiting for EU nations to make the first move over assurances about the status of British citizens living abroad.

In a reflection of the unease caused by the Brexit vote - and a rise in “hate crime” and anti-immigration sentiment - nearly a quarter of those polled said they no longer felt welcome in the UK, while a fifth have firm plans to leave the country within the next two years. A further 39 percent are considering leaving the UK but have not fully committed themselves to a move.

The majority of respondents were from long-standing members of the EU, including Italy, Germany, France and Spain, and the largest single professional contingent - 27



European Commission President Jean-Claude Juncker (right) welcomes British Prime Minister Theresa May upon her arrival at EU headquarters in Brussels on October 21

percent - work in financial services. Others are employed in fields such as technology, healthcare and academia.

The responses indicate a mixed approach from companies to managing staff post-Brexit. Only 18 percent of those surveyed were fully confident that their jobs were secure, versus 41 percent who were anxious that their employment was in jeopardy.

Within certain sectors, such as construction and manufacturing, retail and hospitality, and media and entertainment, more than half of respondents were worried about their jobs.

Overall, just under half of people reported having had no communication at all from their employer to discuss their immigration status since the referendum.

While it is unclear what visa conditions will be open to EU migrants already in the UK, it is expected that those who have been in the country for at least five years will be eligible for permanent residence. Still, experts have warned that a rush to register such applications before Brexit could overwhelm the Home Office and be subject to significant delays.

Will Higham, director of campaigns at the business lobby organisation London First, said he saw companies across the capital, especially start-ups, concerned about their highly skilled EU workers feeling unwelcome. “It creates needless business uncertainty and human pain,” he said.

“The government has to make an early decisive move that spreads confidence and certainty for employers and employees, and not hold on to them like a bargaining chip.”

Among the 732 readers who took part in the survey, some gave more de-

tailed explanations of their experiences of living in the UK in recent months. One Spanish national working in the tech sector, who has been in the country for the past 16 years, reported a “big feeling of being unwelcome”.

“I have been called an immigrant when my country has 10 times more British immigrants,” he said. “My country has to support 10 times more British immigrants in Spanish hospitals [than the NHS does]. On top of this, every time I go to a British hospital I meet Spanish nurses and doctors. British society has changed, and I don’t feel part of it anymore.”

Having lined up a new and better paid job back in Spain, he relocated with his family this summer.

A Dutch national, who has been in Britain for more than a decade, said he had been subjected to “overt hostility from random people on the street” when speaking on the phone in his native language. “I have experienced the whole gamut of comments from . . . ‘go back to where you came from’ to threatening [and] abusive shouts,” he said. “I have started two companies in the UK, both of which I am either closing

or moving to the continent.”

A German financial services worker reported similar incidents, saying that his children had been called Nazis by British youths.

“We have been asked in aggressive tones whether we are speaking Polish several times when speaking German on public transport,” he said. His company is moving him and his family back to mainland Europe.

However, one Greek national working in retail insisted he was not worried about the impact of Brexit, saying: “I have faith and trust that the [UK] government will do everything necessary for me to carry on being here after paying taxes for 10-plus years. I do not necessarily feel that, leaving aside the racism drama, leaving the EU is a bad thing. The EU has been anything but good to my country.”

Barbara Roche, former Labour immigration minister and now chair of the Migration Matters Trust, said the survey results were “very worrying” and echoed some of the concerns she had heard from people in business.

What the respondents said

German student: “Although I have usually been considered a ‘good immigrant’ since I speak fluent English and studied at a British university, I have felt that the mood towards immigrants in general has changed since the start of the referendum campaign.

“Even if Brexit does not affect us practically yet, I know that I can speak for many foreign workers and students in the UK when I say that it has nonetheless had an irreversible effect. The Brexit vote broke our hearts and took away the feeling that we could [and wanted to] call this place home.”

French tech expert: “I would

like to share the fact that I don’t feel discriminated against. I don’t know what the situation is in England, but Scotland is very open and welcoming. My international colleagues [from China, Italy, Germany, France, Spain] also share the same feelings.”

Greek architect: “After contributing thousands of pounds into your economy [high rents, university fees, transport] it is time to say goodbye. I will be leaving soon and will make sure I take all my savings from the UK as well as selling all [and not purchasing any more] British equities, funds and bonds. You cannot have it all.”

German publisher: “I am working for an academic publisher, and academics as well as universities very heavily rely on the funding from the EU. I don’t believe the UK will be in a position to support the already underfunded education sector. I am genuinely struggling to identify myself with a country which has decided against something I am for.

“I therefore have decided to withdraw my application for British citizenship. I have lived here for 10 years, but it now seems the right moment to move on and build a life where I have more security and don’t feel unwelcome anymore.”



By Nancy Benac, Washington

US PRESIDENTIAL RACE

Moments to remember (or try to forget) from Campaign 2016

EVERY presidential race has its big moments. This one, more than most.

A look back at some of the historic, amusing and cringe-inducing events of Campaign 2016. There are plenty more where these came from. Play along at home and think about what you would add to the list.

GOING DOWN?

Donald Trump's long ride down the escalator at Trump Tower to announce his presidential bid in June 2015 wasn't huge news at the time. It only merited a page 16 story in his hometown newspaper, The New York Times. But his 45-minute speech laid out a road map for the next 500 days. It had denunciations of rapists from Mexico, the promise to build a border wall, complaints that the United States doesn't win anymore, assertions that the U.S. should have taken Iraq's oil before the Islamic State group got it, criticism of President Barack Obama's health law, pledges to get lost jobs back from China and elsewhere, rants against "stupid" trade deals and many more themes Trump has hammered on ever since.

RAISE YOUR HAND

Trump jolted the first Republican debate in August 2015 when he was the sole candidate among 10 men on the stage to raise his hand to signal he wouldn't pledge to support the eventual GOP nominee. The best he could offer: "I can totally make the pledge if I'm the nominee." (The GOP field was so crowded then that seven more Republican candidates were relegated to an undercard debate.) This was the same debate where Trump mixed it up with Fox News' Megyn Kelly over his history of intemperate comments about women, foreshadowing a running cam-

campaign theme. Trump answered Kelly's question about whether he was part of the "war on women" with a riff against political correctness.

THOSE 'DAMN EMAILS'

Clinton got a gift from Bernie Sanders in the first Democratic debate in October 2015 when he seconded her dismay at all the focus on her use of a private email setup as secretary of state. "The American people are sick and tired of hearing about your damn emails," Sanders said. That took some air out of the controver-

■ **There are always stumbles in a presidential campaign**

sy but it never fully went away. Then in June, FBI Director James Comey announced he would not recommend charges against Clinton over the email issue, but said she and her aides had been "extremely careless" in handling classified information. The issue took on new life when the FBI announced just 11 days before the election that it was investigating whether there is classified information in newly discovered emails. Trump called it "bigger than Watergate."

SMALL HANDS. EWW

A Republican debate this past March strayed into cringe-in-

ducing territory when Trump brought up GOP rival Marco Rubio's mocking reference to his "small hands" and then volunteered some reassurance about the size of his genitals. Trump told his debate audience and millions of TV viewers, "He referred to my hands, if they're small, something else must be small. I guarantee you, There's no problem, I guarantee." The arbiters of good taste had a problem with that.

CEILING: SHATTERED

She wore white, the color of suffragettes. Clinton stood before voters at the Democrats' Philadelphia convention in July and at last claimed the presidential nomination of a major party for women. "I'm so happy this day has come," she told cheering supporters. "Happy for grandmothers and little girls and everyone in between. Happy for boys and men, too. Because when any barrier falls in America, for anyone, it clears the way for everyone." Clinton had finally shattered that "glass ceiling" she cracked in the 2008 campaign.

THE 'DEPLORABLES'

Clinton drew laughter when she told supporters at a private fundraiser in September that half of Trump supporters could be lumped into a "basket of deplorables" — denouncing them as "racist, sexist, homophobic, xenophobic, Islamophobic, you name it." No one was laughing when her remarks became public. Clinton did a partial rollback, saying she'd been "grossly generalistic" and

regretted saying the label fit "half" Trump's supporters. But she didn't back down from the general sentiment, saying, "He has built his campaign largely on prejudice and paranoia and given a national platform to hateful views and voices." Soon enough, Trump had the video running in his campaign ads, and his supporters were wearing the "deplorable" label as a badge of honor.

A REAL STUMBLE

There are always stumbles in a presidential campaign. Clinton took a real one in September when she became overheated while attending a 9/11 memorial service in New York. It turned out she was suffering from pneumonia, a condition she'd hidden from the public and most of her aides. That gave Trump an opening to press his case that Clinton lacks the "stamina" to be president. But she had a sharp rejoinder in the fall debate with Trump, saying: "As soon as he travels to 112 countries and negotiates a peace deal, a ceasefire, a release of dissidents, an opening of new opportunities in nations around the world or even spends 11 hours testifying in front of a congressional committee, he can talk to me about stamina."

'YOU CAN DO ANYTHING'

Trump's living-large persona is part of his appeal for many people. But the leaked release in October of a 2005 video in which Trump boasted about groping women's genitals and kissing

them without permission threw his campaign into crisis. Politicians in both parties denounced Trump and some said he should drop out of the race. Trump apologized, but wrote off his videotaped comments as mere "locker-room banter." He denied engaging in the kind of predatory activity he'd laughed about. But a string of women came forward to say he'd made unwanted sexual advances toward them.

HE WENT THERE

Trump toyed throughout the campaign with bringing up allegations about Bill Clinton's past sexual misconduct. Trump went there in a big way in October at the second presidential debate, seating three of the former president's accusers in the front row for the faceoff. "Bill Clinton was abusive to women," Trump said. "Hillary Clinton attacked those same women and attacked them viciously."

HE WOULDN'T GO THERE

As Trump's standing in the polls faltered, he cranked up his claims that the election was being rigged against him. Asked in the final presidential debate if he would accept the results of the election, Trump refused to go there. Pressed on the matter by the debate moderator, Trump said: "I will tell you at the time. I'll keep you in suspense." It was a startling statement that raised uncertainty about the peaceful transfer of power after the election. Even the Republican National Committee disavowed Trump's statement. **AP**

Scientists call for breaching dams to save Puget Sound orcas

By Phuong Le, Seattle

RESearchers who track the endangered population of orcas that frequent Washington state waters said Friday that three whales are missing or believed dead since summer.

The most recent death of a 23-year-old female known as J28 and likely her 10-month-old calf drops the current population to 80, among the lowest in decades, according to the Center for Whale Research on Friday Harbor, which keeps the whale census for the federal government.

A 42-year-old female whale was reported missing during the center's July 1 census. Center senior scientist Ken Balcomb said orcas, particularly mothers and their babies, are struggling because they don't have enough food, a primary factor in the population's decline.

He and others called for four dams on the Lower Snake River to be breached to open up habitat for salmon. They said the best opportunity to save the orcas is to restore runs of salmon eaten by the killer whales.

"We know what we need to do, feed them," Balcomb said at a news conference on the Seattle waterfront surrounded by su-



AP PHOTO

porters who held signs calling for the dams to come down.

Those opposed to removing the Lower Snake dams say they provide low-cost hydroelectric power and play a major role in the region's economy.

J28 was believed to have died in the Strait of Juan de Fuca sometime last week, leaving

behind a 10-month old whale that won't likely survive without her, Balcomb said. The mother appeared emaciated in recent weeks, he said.

The number of southern resident killer whales has fluctuated in recent decades, from more than 100 in 1995 to about 80 in recent years, as they have

faced threats from pollution, lack of prey and disturbance from boats. They were listed as endangered in 2005.

The whales have a strong preference for chinook salmon, which are typically larger and fatter fish, but those runs have been declining.

"There's no reason these dams

couldn't be breached," said Jim Waddell, a retired engineer with the group DamSense who spoke at the news conference.

In May, in a long-running lawsuit, U.S. District Judge Michael H. Simon in Portland rejected the federal government's latest plan for offsetting the damage that dams in the Columbia Ri-

Those opposed to removing the Lower Snake dams say they provide low-cost hydroelectric power and play a major role in the region's economy

ver Basin pose to salmon.

The judge ordered the government to come up with a new plan by March 2018. He said he would not dictate what options the government must consider in the new plan, but he noted that a proper analysis under federal law "may well require consideration of the reasonable alternative of breaching, bypassing, or removing one or more of the four Lower Snake River Dams." AP

ASK THE VET

By Dr Ruan Du Toit Bester



A GUIDE TO CAT TOOTH CARE

October is Dental Promotion Month. An area of small animal medicine that is often overlooked is cat tooth care. Cats, being carnivorous animals, eat food that is less than optimal in terms of restricting microbial growth. Bad teeth in a cat can lead to terrible breath, which is unpleasant for you, and discomfort, which is very unpleasant for the animal.

TOOTH RESORPTION

Tooth resorption is a condition commonly known as a cavity. It is caused when the cat does not have its teeth cleaned regularly, and food material gets stuck on and in between the teeth. This food material then becomes a breeding ground for certain types of bacteria, which can also break down the material that makes up the teeth. This causes the teeth to get soft spots, which can potentially spread over the whole tooth, causing it to erode away. It is called tooth resorption because the soft, lesion area that the bacteria create is slowly reabsorbed by the body. The root of the tooth is then also reabsorbed.

Any tooth can be subject to resorption, but it is most commonly the molars that are affected. The lesion usually starts at the base of the tooth, where it touches the gum, but in later stages it can range over the whole

tooth. Exactly why the cat's body reabsorbs the damaged tooth material is still unknown, but it is generally assumed to be an autoimmune response. It is hard to spot tooth resorption in your pet, because the only way to see the cavities is to look directly into the cat's mouth. Some symptoms you can look for are difficulty eating, excessive salivation, or bleeding at the mouth. Tooth resorptions are painful, so do not leave your cat untreated if it suffers from one.

GINGIVOSTOMATITIS

Another oral disease common to cats is gingivostomatitis. It is an inflammation of tissue all around the mouth, especially adjacent to the teeth. The cause of gingivostomatitis, like that of tooth resorption, is still unknown, but it is also suspected to be an autoimmune response.

PREVENTION

Since most oral diseases in cats are caused by a buildup of food material, otherwise known as plaque, the best way to keep your cat from developing dental issues is to keep his mouth clean. The best way to do this is to brush your cat's teeth, similarly to how you should brush your own. Do not use toothpaste designed for



humans to brush your cat's teeth. There are toothpastes made specifically for cats available at RVC, some of which kill bacteria in plaque. Brush the teeth with a brush with a small head. Toothbrushes made for puppies are perfect. Some veterinarians recommend special antiseptic rinses called "Healthy Mouth" as a supplement to brushing, which are good for treating gingivostomatitis. These rinses can also be used as a replacement for brushing if the cat will not tolerate you putting a brush in his mouth.

Many people who truly care about the health of their pets do not think to maintain their cat's mouth, which make oral diseases one of the most common health

problems for cats. Take a look inside your cat's mouth from time to time, because any outward symptom of oral disease usually means the problem is serious, and has probably been developing for a while.

Hope this info helps all our dental cats
Till next week
Dr Ruan

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