

Break into groups of 3-5, by your country of focus. Take notes on these questions; if you don't get through all of them, keep this handout for your individual work.

- Compare the beginning and ending dates of your data series, to see if differences in the dates of your study affect the findings of your work. For paper 2, be explicit about the time span of your data and subsequent analysis.
- Begin to think about key issues for Paper 2: how has your country's changes in trade policy and trade/FDI flows affected key sectors, regions, and interests (e.g., energy resources, the natural environment, unskilled labor, or skilled manufacturing labor)?
- The relationships below may be of interest:

2009 data from CIA World FactBook, using nominal GDP rather than PPP

Canadian X = 32% GDP	US X = 7% GDP
Can X to US = 75% X	US X to Can = 19% X
Canadian X to US = 24% Canadian GDP	US X to Can = 1.3% US GDP

Mex X = 23% GDP	US X = 7% GDP
Mex X to US = 80.5% X	US X to Mex = 12% X
Mex X to US = 18% Mex GDP	US X to Mex = 0.8% US GDP

PRC X = 25% GDP	US X = 7% GDP
PRC X to US = 20% X	US X to PRC = 6.6% X
PRC X to US = 5% PRC GDP	US X to PRC = 0.5% US GDP

Everyone:

- 1) What range of domestic policies affected the trade and FDI trends of your country?
- 2) What did you learn about the relationship among trade liberalization, exchange rate fluctuation, and trade flows?
- 3) What influences the sectors and the amount of inward and outward FDI annually? (Collect and discuss as many possible influences as possible).
- 4) In responding, consider the OLI model – why might there have been change in the sectors in which foreign companies feel they have O, L, and I advantages in your country? Why might there have been change in the *countries* in which foreign companies feel they have O, L, and I advantages in your country?
- 5) Do you have any data on the *stock* of FDI in your country, in addition to the annual *flow*?

Canada

- 1) Make sure all are familiar with the National Policy: its dates, characteristics, motivations and results.
- 2) Make sure all are familiar with the Auto Pact: its dates, characteristics, motivations and results.
- 3) Know about FIRA, which stands for the Foreign Investment Review Act, and the Agency it created (1974).
- 4) Understand staple theory.

China

- 1) How would you characterize China's role(s) in global supply-chain networks, given what it imports and exports from/to which countries, and given its FDI linkages?
- 2) Note that workers in many, many countries earn wages much lower than in Australia, Canada, Japan, Western and Northern Europe, or the US.
 - a. Why has China become such a source of manufactured products for Japan and the US?
 - b. Why not for other countries?
 - c. Why isn't China the source for more of the products consumed in the US?
- 3) How would you characterize the nature of and reasons for the US to gain from its trade with China? How would you expect those gains to be affected if China reduces its purchases of dollar-denominated securities, allowing its currency to appreciate relative to the dollar?

Mexico

- 1) What did you learn about the effects of NAFTA on Mexico's maquiladora activity? How large are the imports and exports of illegal drugs, in comparison with Mexico's official imports and exports?
- 2) How does the drug trade affect other aspects of Mexico's foreign investment and trade?