Universitatea BABEŞ-BOLYAI

Romanian Academy
"George Baritiu"
Institute of History

Facultatea de Studii Europene
Institutul de Cercetări Europene

International Conference

Globalization and the New Economies

Babes-Bolyai University
Cluj-Napoca
October 8-9, 2013

BT BANCA TRANSILVANIA®

International Conference

Globalization and the New Economies

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AGENDA

8th October 2013

OPENING SESSION: (9.00-11.00, AULA MAGNA UBB)

9.00-9.10 **Welcome Speech** – *Professor Ioan Aurel Pop*, Rector of Babeş-Bolyai University, Member of Romanian Academy

9.10-9.20 **Welcome Speech** – *Professor Nicolae Păun*, Dean of the Faculty of European Studies

9.20-9.45 **Globalization Past and Future**, *Mr. Patrick Docherty*

9.45-10.10 **Setting the terms for global trade-the Transatlantic Trade and Investment Partnership**, *H.E. Martin Harris*, UK Ambassador to Romania

10.10-10.35 **Is there a need for a global currency?**, *Dr. Napoleon Pop*, Researcher, Romanian Academy INCE, Member of the Board of National Bank of Romania and *Dr. Valeriu Ioan-Franc*, Researcher, Romanian Academy INCE

10.35-11.00 **Multinationals and the emerging markets. HP in Romania**, *Mr Radu Enache*, CEO HP Romania

11.30-12.30 **Doctor Honoris Causa ceremony** (Aula Magna UBB), *Professor Alberto Gasparini*: **Globalization and Peace**

12.30-14.15 Lunch

14.15-15.15 Panel Discussion (Aula, Faculty of European Studies): **The UK and the US - The Original Globalizers. What Does Their Experience Tell Us? What Will the Future Hold for These Two Economies in a Globalized World?**

Moderator: *Dr. Napolen Pop*

Participants: *Sir Michael Arthur*
Sir Anthony Brenton
Dr. Peter Collecott
Mr. Patrick Docherty
H.E. Martin Harris
Mr. Peter Jenkins

SECOND SESSION: (15.30-17.00)

15.15-16.00 **India and Globalization**, *Sir Michael Arthur*

16.00-16.45 **Brazil and Globalization**, *Dr. Peter Collecott*

16.45-17.15 BREAK

17.15-18.15 Panel discussion: **In an Increasingly Globalized World Can Europe Hold its Own with the New Economies in Asia and Latin America?**

Moderator: *Mr. Radu Enache*, CEO HP Romania

Participants: *Sir Michael Arthur*
Sir Anthony Brenton
Dr. Peter Collecott
H.E. Martin Harris
Mr. Peter Jenkins

19.00 DINNER

9th October 2013

THIRD SESSION: (9.00-12.00, Aula, Faculty of European Studies)

9.00-9.45 **The Role of the WTO in Globalization**, *Mr. Peter Jenkins*

9.45-10.30 Panel Discussion: **Does Globalization Lead to Greater Inequality within Nations? Does it Impair Governments' Ability to Regulate? Do International Organizations Have a Role to Play?**

Moderators: *Professor Mihaela Luțaș*
Assoc. Prof. Gabriela Ciot

Participants: *Sir Michael Arthur*
Sir Anthony Brenton
Dr. Peter Collecott
Mr Peter Franklin
Mr. Peter Jenkins

10.30 -10.45 BREAK

10.45-11.30 **Banks and Globalization**, *Mr. Peter Franklin*, Member of the Board of Directors of Banca Transilvania

11.30-12.15 Panel Discussion: **Banks and Globalization**

Moderator: *Mr. Omer Tetik*, CEO of Banca Transilvania

Participants: *Ms. Josephine Chesterton*
Mr. Patrick Docherty
Mr. Peter Franklin

12.15-14.15 LUNCH

FOURTH SESSION: (14.15 –17.00, Aula of the Faculty of European Studies)

14.15-15.00 **Russia: The Globe's Awkward Squad?**, *Sir Anthony Brenton*

15.00-15.15 BREAK

15.15-16.00 **China: What Next for the Greatest Beneficiary of Globalization?**, *Ms. Josephine Chesterton*

16.00-17.00 Panel Discussion: **Political influence and the New Economies: Has Globalization Changed the Balance of Power?**

Moderator: *Professor Vasile Pușcaș*
Assoc. Prof. Mircea Maniu

Participants: *Sir Anthony Brenton*
Ms. Josephine Chesterton
Dr. Peter Collecott
Mr. Peter Franklin
Mr. Peter Jenkins

ENDS

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LIST OF PARTICIPANTS

(alphabetical order)

Sir Michael Arthur

Michael Arthur served as British High Commissioner in India (2003 – 2007) and Ambassador to Germany (2007 – 2010). He is now based in London, retired from government, and works as a consultant, as a Non Executive Director of Diligenta (Tata Consultancy in UK) and in the not-for-profit sector.

After studying at Oxford University where he read Philosophy, Politics and Economics, Michael joined the Foreign Service in 1972 and went to the UN. His career then took him to Africa, Brussels, Germany (Bonn and Berlin), Paris, and Washington. In London, he worked mostly on European issues and globalization, including international economic issues.

Sir Anthony Brenton

Tony Brenton served in the UK Foreign Service 1975-2008 including postings in the Arab World, to the EU in Brussels, Washington DC and (finally) as Ambassador in Moscow. He dealt with such issues as the Arab/Israel dispute, the establishment of the International Criminal Court, the reconstruction of Russia after the fall of Communism, the Afghanistan and Iraq wars, and global climate change (on which he has written a book).

He is now a Fellow of Wolfson College Cambridge, writes regularly on international affairs (particularly Russian) issues, and is also writing a book on Russian history. He is a graduate of Cambridge University where he read Mathematics.

Ms. Josephine Chesterton

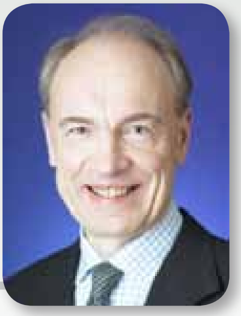
Josephine Chesterton spent nearly 20 years in banking in the US, China and Hong Kong. She worked for Chase Manhattan Bank, now part of JP Morgan and UBS. She later ran a programme in Banking and Financial Services at the City University of Hong Kong. She has lived and worked intermittently in China since 1982.

Josephine Chesterton now spends her time between the UK and Hong Kong where she is Honorary Treasurer of Oxfam HK and runs a small non profit organization placing volunteers in East Asian charities. She is a graduate of Durham University (UK) in Asian Studies and Johns Hopkins University SAIS (USA) in International Economics and Politics.

Dr. Peter Collecott CMG

Peter Collecott was British Ambassador to Brazil from 2004 until 2008. Prior to that, he served as a diplomat in The Sudan, Australia, Indonesia and Germany and in London worked on Middle Eastern and EU issues. Peter Collecott graduated in Mathematics from Cambridge University, subsequently obtaining a PhD in Theoretical Physics there. He was also a Kennedy Scholar at Massachusetts Institute of Technology and a Royal Society Fellow at the Max Plank Institute for Physics and Astrophysics in Munich.

Peter now acts as an Adviser to major British companies doing business with Brazil, and is engaged in sustainable development issues, including as a Special Adviser to The Prince of Wales' International Sustainability Unit. He also lectures on Brazil and sustainability issues.



Mr. Patrick Docherty

Patrick Docherty worked in the UK Treasury and then in corporate finance at NM Rothschild in London. He then moved to Hong Kong where he ran a group arranging very large asset finance in Asia, first for JP Morgan Chase and then for UBS. Subsequently he was, more briefly, a General Manager with Mizuho Bank and then Senior Advisor to KPMG based in Singapore. In addition he taught a course in global banking at the Singapore Management University.

Patrick Docherty is a graduate of Oxford University in Philosophy, Politics and Economics, was a Fulbright Fellow at Columbia University, New York and has an MBA from the Harvard Business School. He now lives in Singapore and writes fiction.

Mr. Peter Franklin

Peter Franklin represents the EBRD on the supervisory boards of Banca Transilvania and Meritum Bank, Poland. He has served on BT's board since 2010.

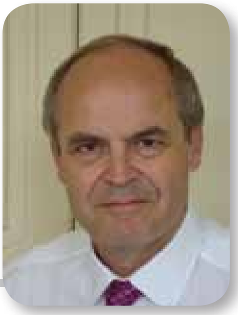
Peter Franklin has a 35 year career in financial services, more recently with GE Capital, the finance arm of General Electric. He has worked in Hong Kong, Singapore, Paris and London as well as Cluj. He is a graduate in History from Oxford University.

H.E. Martin Harris

Martin Harris is the UK Ambassador to Romania. He was Second Secretary at the UK Delegation to the OSCE in Vienna. He then returned to London to lead the FCO's Pakistan and Afghanistan Section. He served as a diplomat in Russia, Ukraine and as an adviser in the Cabinet Office on Afghanistan, Pakistan, Russia and other countries of the former Soviet Union.

Martin was appointed an Officer of the Order of the British Empire in 2010. He was educated at Glenalmond College and Cambridge University where he obtained a first in History and was President of the Cambridge Union. He obtained a Masters in Public Administration from the Open University in 2008. Martin is married and has three children.

Mr. Peter Jenkins, CMG



Peter Jenkins joined the British Diplomatic Service in 1973, having studied at Cambridge and the Harvard Graduate School for Arts and Sciences. His 33-year diplomatic career took him to Vienna (twice), Washington, Paris, Brasilia and Geneva. In Paris he dealt with issues arising from the creation of an EU internal market and EU external trade policies. In Brasilia he advised on developments in Brazilian macroeconomic and trade policies. In Geneva he represented the UK on WTO intergovernmental bodies and chaired two of these.

He is now a member of The Ambassador Partnership. From 2010 to 2012 he was an associate fellow of the Geneva Centre for Security Policy.

Acad. Professor Ioan Aurel Pop

Ioan Aurel Pop is the rector of Babes-Bolyai University, member of Romanian Academy and the director of the Center for Transylvanian Studies in Cluj. Previously he was director of the Romanian Cultural Institute in New York and director of Romanian Cultural and Humanistic Research Institute in Venice.

Ioan Aurel Pop has a Phd in History. He is author, co-author and coordinator of more than 30 books and more than 200 studies and articles published in Romania, US, Italy, Czech Republic, Slovakia, Hungary, Poland, Moldavia, England, Germany and Argentina.

Professor Vasile Pușcaș

Vasile Pușcaș is the Head of Ad Personam Jean Monnet Chair on the European Politics and Negotiations and the director of the Institute of European Research, Babeș-Bolyai University. He is a graduate of History and Social Sciences from Babeș-Bolyai University, where he is currently teaching courses on International Relations and European Studies. Vasile Pușcaș has an impressive scientific and research activity, a large number of books, articles and studies in international relations field.

Vasile Pușcaș was the minister of European Affairs (2008-2009), Chief Negotiator with European Union for Romania's accession to EU (2000-2004), member of European Parliament and of Romania n Parliament (2000-2008). He was appointed Minister Counsellor, for Romanian Embassy in Washington – D.C. (1992-1994), Acting Ambassador (1993-1994) and director of Romanian Cultural Center, New York (1991-1992).

Professor Mihaela Luțaș

Mihaela Luțaș is the vicerector of Babes-Bolyai University, professor of European Economic Policies and European Integration, Jean Monnet professor of European Economic Integration of the European Comission, associate professor at Plymouth State University (USA and member of the Euro Team).

Mihaela Luțaș graduated the Faculty of Economics and Business Administration within Babes-Bolyai University and wrote her Ph.D dissertation on Romania's economic integration in the EU.

Professor Nicolae Păun

Dr. Nicolae Păun is a Jean Monnet Ad Personam Professor and Dean of the Faculty of European Studies at Babeş-Bolyai University, Cluj-Napoca. He is a historian and a member of the European Union's Liaison Committee of Historians of European Integration. He has been granted numerous awards in the areas of teaching and research, including the LISBOAN Erasmus Network Award, in 2010.
Dr. Nicolae Păun's research interests include European Union institutions and policies, the history of European integration, the EU and the challenges of globalisation, as well as the modelling of New Europe.

Associate Professor Mircea Maniu

Mircea Teodor studied Management at Babeş-Bolyai University and holds a PhD degree in Economics from the same University. During the last two decades he was awarded several scholarships and benefitted from various training and updating stages abroad, such as a Fulbright fellowship at the University of Tennessee followed by several at Michigan State University and across Europe (United Kingdom, Belgium, Netherlands, Italy, Germany, etc.), where he enrolled in programs related to his main field of study, but also to linked areas such as international relations and governance.
Nowadays his educational interests, research and publication propensity go mainly towards economic policy, European comparative economics and politics, as well as global and regional studies. He is a former Chair of Management of European Institutions at the Department of European Studies of Babeş-Bolyai University in Cluj-Napoca and presently holds the position of Director of the Centre for International Relations of the university.

Associate Professor Gabriela Ciot

Gabriela Ciot is associate professor at Babeș-Bolyai University. She is a graduate of Psychology and Educational Sciences Faculty, from Babeș-Bolyai University, where she is currently teaching courses on International Relations and European Studies. She holds a PhD in Educational Sciences from Ghent University Belgium, and one in International Relations and European Studies from Babeș-Bolyai University. Gabriela Ciot has an intense scientific and research activity, which includes books, articles and studies in international and national journals.
Her research interests are in the psychology of decision-making process, especially in foreign policy, European and internationl negotiations, mediation and management of conflict and cooperation.

Mr. Radu Enache

Radu Enache, Ph. D., was appointed HP Country Manager for Romania in May 2000. He began his career with HP in 1992 as Commercial Channel Manager for HPSYS Romania, the sole authorized HP representative in Romania, at that time. He also continued his activity as associate professor with the Electrical Engineering Chair, Electrical Engineering Faculty within the Polytechnic University of Bucharest, a career that began in 1971. Prior to joining HP, Radu published 4 books and over 50 technical specialty articles.

Radu Enache was a Board Member and President of AmCham for several years. Now, he is a Board Member of the Foreign Investors Council (FIC) and a honorary Board Member of United Way Romania. He is a Rotary Club Member and was awarded in 2004, by former President of Romania, the National Order of Merit in the Rank of Knight.

Mr. Napoleon Pop

Napoleon Pop was born in 1945, has Romanian nationality, graduate of the Academy for Economic Studies, Faculty of Foreign Trade, Bucharest 1967, more than four decades of researcher career in economics, ending with the degree of Senior Researcher (1989) with National Economic Research Institute, Romanian Academy, PhD in Economics (1981).

He was the Ministry for Foreign Trade and Chief Negotiator for the Association Agreement of Romania to EU (1990-1992), Ministry for European Integration (1993-1994), CEO – World Trade Center Bucharest (1994-1995), DCM – Romanian Embassy at Washington (1996-1998), Program Manager, World Trade Center Bucharest (1999-2000), Member of Romanian Parliament (2001-2004), since 2004 Member of the Board, National Bank of Romania. His latest books (2006-2013): The Virtues of the Monetary Policy, About Financial Crisis, Monetary Policy Decision, Economy and Faith, Towards a Global Currency.

Mr. Valeriu Ioan-Franc

Valeriu Ioan-Franc was born in 1949, has Romanian nationality, graduate of the Academy for Economic Studies, Faculty of Domestic Trade, Bucharest 1974, more than four decades of researcher career in economics, ending with the degree of Senior Researcher (2001) with National Economic Research Institute, Romanian Academy, PhD in Economics (2000).

He was Deputy General Director of National Economic Research Institute, Romanian Academy (2001), Editor in Chief NIER (1990), Founder Director of Expert Publishing House (1992), Director of Economic Information and Documentation Centre (1990), Editor in Chief of many important economic magazines and reviews (Marketing-Management, Romanian Economic Review, Economic Issues, Economic Studies and Research, Caiete Critice, etc.).

His latest books (2006-2013) are: Treaty of Marketing, Chrestomathy of Marketing Terms and Concepts, Strategic Marketing, Methodology of Scientific Research, About Financial Crisis, Economy and Faith, Towards a Global Currency, Economy Distribution.

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STATES' PROFILES

Brazil

Size of GDP (2012)	US$2.396 trillion – nominal – 7th US$2.356 trillion – PPP -7th
GDP per capita (2012)	US$12,079 – nominal US$11,875 – PPP
Five year GDP growth rate	2008: 5.2% 2009: -0.3% 2010: 7.5% 2011: 2.7% 2012: 0.9%
Trade to GDP	2007: 21.0% 2008: 23.0% 2009: 17.7% 2010: 18.4% 2011: 19.9% 2012: 21.1%
Main trading partners	**Primary exports partners**: China 17.0%, US 11.1%, Argentina 7.4%, Netherlands 6.2% **Total value of exports** (2012 est.): US$256 billion **Primary imports partners**: China 15.4%, US 14.7%, Argentina 7.4%, Germany 6.4%, South Korea 4.1% **Total value of imports** (2012 est.): US$238.8 billion
Top exports	Transport equipment, iron ore, soybeans, footwear, coffee, automotive.
Top imports	Machinery, electrical and transport equipment, chemical products, oil, automotive parts, electronics.

Sources: www.imf.org, http://data.worldbank.org, http://knoema.com, http://www.economywatch.com;https://www.cia.gov/library/publications/the-world-factbook/geos/br.html

General Information

Brazil (Official Name: Federative Republic of Brazil), with an area of 8,511,965 sq. km, is the fifth largest and most populous country in the world. Brasilia, with a population of 2,8 million, positioned in the central part of the country is the capital city, and among other important cities are Sao Paulo (11.821.876), Rio de Janeiro (6.429.922), Belo Horizonte (2.479.175), Salvador (2.883.672), Fortaleza (2.551.085), Curitiba (1.848.943), Recife (1.599.514) and Porto Alegre do Norte (11.336). Brazil has a population of 196.5 million, according to data released by the Brazilian Institute for Geography and Statistics (IBGE) for 2008. The National Survey of Sampling of Households (PNAD), has identified the percentage distribution of the Brazilian population as being the following: white 48.4%, black 6.8%, Colored 43.8% and Oriental or Native Brazilian 0.9%. In the ethnic classification are included African, Portuguese, Italian, German, Spanish, Japanese, indigenous peoples, and people of Middle Eastern descent.

Political System

The republican era in Brazil started in 1889, with the proclamation of the Republic by Marshall Deodoro da Fonseca, and is still in force today under the 1988 Constitution. The president acts both as Head of the State and Chief of the Executive branch of government. The Federal Government is divided into three parts, with strong separation of powers. The Legislative branch consists of a Senate of 81 members popularly elected to staggered 8-year terms, and a Chamber of Deputies with 513 members elected to 4-year terms. The Executive is headed by a President, directly elected to no more than two consecutive 4-year terms. In the runoff election on October 31, 2010, Dilma Rousseff was elected President with almost 56 million votes. Brazil has a multiparty political system. Brazil's major political parties include: The Workers' Party (PT), The Brazilian Democratic Movement Party (PMDB), The Brazilian Social Democratic Party (PSDB) and the Democrats (DEM). The Judiciary is headed by a Supreme Federal Tribunal of 11 Judges nominated by the President and confirmed by the Senate.

Economic Overview

Brazil is one of the rising economic powers - otherwise known as BRIC nations - together with Russia, India and China. Over the past few years it has made major strides in its efforts to raise millions out of poverty. Brazil's major natural resources are iron ore, manganese, bauxite, nickel, uranium, gemstones, oil, wood, and aluminum. Brazil is the ninth largest energy consumer in the world and the third largest in the Western Hemisphere, behind the United States and Canada. Total primary energy consumption in Brazil has increased by close to a third in the last decade, due to sustained economic growth. Brazil is generally open to and encourages foreign investment. It is the largest recipient of foreign direct investment (FDI) in Latin America, and the United States is traditionally the top foreign investor in Brazil. The country attracts investment in sectors including transport, energy, sanitation and housing. This influx of resources creates jobs and increases consumption. One of the major factors that attracts investment to Brazil is subsidized credit offered at low interest rates. One of the governments' goals is to raise the investment rate to approximately 21% of GDP in 2012. In the international arena, a report by the United Nations Conference on Trade and Development (UNCTAD) identified Brazil as one of the three leading destinations for foreign investment between 2010 and 2012. During last year the volume of direct foreign investment applied in Brazil amounted to US$ 48.4 billion, an increase of 59.1% over the previous year. The focus has been on agriculture, mining and the petrochemical industry. The discovery of major offshore oil reserves could propel the country into the top league of oil-exporting nations. The year 2008 was marked by the discovery of reserves located six thousand feet below the continental shelf. The area, known as Pre-salt, should increase daily production of oil and gas from 2.6 million to 3.9 million barrels per day in 2014.

Growth and Competitiveness

Brazil began a new cycle of growth with the expansion of the internal market. This new phase was driven by increases in family income, employment, greater access to credit and public policies for the transfer of wealth. Economic growth has been accompanied by gains in the social area, with reduced poverty and inequality. Between 2001 and 2009 income per capita of the poorer segments of the population grew 6.79% per year while the income of the wealthiest 10% grew at 1.49% per year. Social inclusion is also fostered by conditional cash transfer programs such as 'Bolsa Familia' - Family Assistance - which serves more than 12.9 million families. In addition to social inclusion, employment generation has had an important role in increasing the purchasing power of Brazilians. A total of 15.4 million registered jobs were created between 2003 and 2010. Availability of credit has also provided a further stimulus for the consumer market, increasing from 24.6% of GDP in 2003 to 46.4% in 2010. The Brazilian economy's solid performance during the 2008 financial crisis and its strong and early recovery, including 2010 growth of 7.5%, have contributed to the country's transition from a regional to a global power. However, growth slowed to 2.7% in 2011 and 0.9% in 2012, amid concerns that Brazil needed to address infrastructure bottlenecks and a loss of global competitivity in order to return to higher, and sustainable, rates of growth. Nevertheless, the Brazilian economy is now the world's sixth largestin nominal terms, GDP [GDP (nominal exchange rate): $2.5 trillion.]

and the seventh largest by purchasing power parity [GDP (purchasing power parity): $2.3 trillion]. As Brazil's domestic economy has grown and diversified, the country has become increasingly involved in international economic and trade policy discussions. Brazil is a leader of the G-20 (Trade) group of nations and in 2009 became a creditor country to the International Monetary Fund (IMF). The U.S., Western Europe, and Japan are primary markets for Brazilian exports and sources of foreign lending and investment. China is now the largest market for Brazilian exports, and a growing source of investment.
Compared with even a decade ago, the current scenario is one of relative economic stability and predictability. This has enabled Brazil to earn the investment grade stratus, according to the evaluation of major international risk rating agencies. In order to finance investment in both productive and logistical infrastructure, Brazil counts on the Brazilian Economic and Social Development Bank (BNDES). In 2010, BNDES granted loans of US$ 101.4 billion to fund economic development. By 2014, it is hoped that the country will make investments worth approximately US$ 2 trillion, about 22.4 % of Gross Domestic Product foreseen for the period.

Foreign policy

The country is a charter member of the United Nations and participates in its specialized agencies. It has contributed troops to UN peacekeeping efforts in the Middle East, the Democratic Republic of the Congo, Cyprus, Mozambique, Angola, East Timor, and most recently Haiti. Brazil is currently leading the UN peacekeeping force in Haiti. In 2010-2011, Brazil served as a non-permanent member of the UN Security Council. Prior to this, it had been a member of the UN Security Council nine times. Brazil is seeking a permanent position on the Council. Brazil also bolstered its commitment to nonproliferation through ratification of the nuclear Non-Proliferation Treaty (NPT), signing a full-scale nuclear safeguards agreement with the International Atomic Energy Agency (IAEA), acceding to the Treaty of Tlatelolco, and joining the Missile Technology Control Regime (MTCR) and the Nuclear Suppliers Group.

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Other sources:
[www.imf.org]; [http://data.worldbank.org]; [http://knoema.com]; [http://www.economywatch.com];
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[http://worldpopulationreview.com/search.html?query=brazil].

People's Republic of China

Size of GDP (2012)	$8.227 trillion nominal 2nd $12.405 trillion PPP 2nd
GDP per capita (2012)	$6,076 nominal $9,233PPP
Five year GDP growth rate	2008: 9.6% 2009: 9.2% 2010: 10.4% 2011: 9.3% 2012: 7.8%
Trade to GDP	2007: 62.3% 2008: 56.7% 2009: 44.2% 2010: 50.2$ 2011: 49.7% 2012: 47.0%
Main trading partners	**Primary export partners**: US 17.2%, Hong Kong 15.8%, Japan 7.4%, South Korea 4.3%, Germany 3.4% **Total value of exports**: (2012 est.) $2.057 trillion **Primary import partners**: Japan 9.8%, South Korea 9.2%, US 7.1%, Germany 5.1%, Australia 4.3% **Total value of imports** (2012 est): $1.735 trillion
Top exports	electrical and other machinery, including data processing equipment, apparel, radio telephone handsets, textiles, iron and steel, optical and medical equipment, oil, gas, integrated circuits.
Top imports	electrical and other machinery, oil and mineral fuels, optical and medical equipment, metal ores, plastics, organic chemicals, motor vehicles.

Sources: www.imf.org; http://data.worldbank.org; http://knoema.com; http://www.economywatch.com; www.cia.gov; https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html.

General information

China is located in the Eastern Asia, bordering the East China Sea, Korea Bay, Yellow Sea, and South China Sea, between North Korea and Vietnam. Its neighboring countries are Afghanistan with a 76 km border, Bhutan 470 km, Burma 2,185 km, India 3,380 km, Kazakhstan 1,533 km, North Korea 1,416 km, Kyrgyzstan 858 km, Laos 423 km, Mongolia 4,677 km, Nepal 1,236 km, Pakistan 523 km, Russia (northeast) 3,605 km, Russia (northwest) 40 km, Tajikistan 414 km, Vietnam 1,281 km. The People`s Republic of China is divided into 23 provinces, 5 autonomous regions, 4 municipalities and 2 Special Administrative Regions (Hong Kong and Macau). China has a population of 1.3 billion, the world's largest.

Economic overview

Since the late 1970s China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role - in 2010 China became the world's largest exporter. Reforms began with the phasing out of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, creation of a diversified banking system, development of stock markets, rapid growth of the private sector, and opening to foreign trade and investment. China has implemented reforms in a gradualist fashion. In recent years, China has renewed its support for state-owned enterprises in sectors it considers important to "economic security", explicitly looking to foster globally competitive national champions. The Chinese government faces numerous economic challenges, including: reducing its high domestic savings rate and correspondingly low domestic demand; sustaining adequate job growth for tens of millions of migrants and new entrants to the work force; reducing corruption and other economic crimes; and containing environmental damage and social strife related to the economy's rapid transformation.

Trade and investment

China exports mainly electrical and other machinery, including data processing equipment, apparel, textiles, iron and steel, optical and medical equipment. Its main export partners are: US 17.2%, Hong Kong 15.8%, Japan 7.4%, South Korea 4.3%, Germany 3.4%. As regards the imports these consist in electrical and other machinery, oil and mineral fuels, optical and medical equipment, metal ores, plastics, organic chemicals. Its main import partners are: Japan 9.8%, South Korea 9.2%, US 7.1%, Germany 5.1%, Australia 4.3%. China is the biggest magnet of Foreign Direct Investment in the developing world.

Fiscal performances

In 2010-11, China faced high inflation resulting largely from its credit-fueled stimulus program. Some tightening measures appear to have controlled inflation, but GDP growth consequently slowed to near 9% for 2011, 7.7% for 2012 and is expected to be 7.5% this year. Also, gross investment is 54.25% of GDP according to 2011 data. The government's 12th Five-Year Plan, adopted in March 2011, emphasized continued economic reforms and the need to increase domestic consumption in order to make the economy less dependent on exports and investment.

Structural reforms agenda

China has implemented reforms in a gradualist fashion. In recent years, China has renewed its support for state-owned enterprises in sectors it considers important to "economic security", explicitly looking to foster globally competitive national champions.
After keeping its currency, the Renminbi or RMB, tightly linked to the US dollar for years, in July 2005 China revalued its currency by 2.1% against the US dollar, since that time the RMB has appreciated approximately 33% against the US$.

Sustainable development

Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and economic development. The Chinese government is seeking to add energy production capacity from sources other than coal and oil, focusing on nuclear and alternative energy development.

Competitiveness

In order to create a congenial investment environment and to encourage overseas firms to invest in China, China has gradually set up a relatively complete legal system. Currently, the Chinese government is reexamining its existing laws and statutes in accordance with the framework of the WTO. It has abolished certain obsolete laws and regulations, and will gradually revise the laws and regulations that are incompatible with the rules of the WTO. The Chinese government levies low tax on enterprises with foreign investment, and preferential tax policies are offered to the sectors and regions where investment is encouraged by the state.

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European Union

Size of GDP (2012)	EU27: US$ 16.36 trillion (nominal); world ranking: 1st Euro area: US$ 12.899 trillion (nominal)
GDP per capita (2012)	EU27: US$ 35,116 (nominal); US$ 34,599 (PPP) . Euro area: US$ 21,096 (nominal); US$ 33,786 (PPP).
Five year GDP growth rate	EU27: 2007: 3.3 %; 2008: 0.7%; 2009: -4.2%; 2010: 1.8%; 2011: 1.7%; 2012: -0.2%. Euro area: 2007: 3%; 2008: 0.4%; 2009: -4.3%; 2010: 1.8%; 2011: 1.6%.
Trade to GDP	EU27: 2007: 64.1%; 2008: 66.4%; 2009: 56.6%; 2010: 64.1%; Euro area: 2007: 67.3%; 2008: 68.5%; 2009: 57.4%; 2010: 65.5%.
Main trading partners	**Primary exports partners**: United States of America (17.3%); China (excl. Hong Kong) (8.5%); Switzerland (7.9%); Russia (7.3%); Turkey (4.5%). **Exports of goods and services for Euro area** (2012 forecast): US$ 5,853.44 billion **Primary imports partners**: China (excl. Hong Kong) (16.2%); Russia (11.9%); United States of America (11.5%); Switzerland (5.8%); Norway (5.6%). **Imports of goods and services for Euro area** (2012 forecast): US$5,643.68 billion.
Top exports	Machinery and transport equipment (41.5%); chemicals and related products (17.9%); food, drinks and tobacco (5.7%); mineral fuels and lubricants (5.2%); raw materials (2.5%); other manufactured goods (23.6%). Motor vehicles, pharmaceuticals and other chemicals, fuels, aircraft, plastics, iron and steel, wood pulp and paper products, alcoholic beverages, furniture.
Top imports	Machinery and transport equipment (28.5%); mineral fuels and lubricants (24.2%); chemicals and related products (9.4%); food, drinks and tobacco (6.1%); raw materials (3.9%); other manufactured products (24.6%). Fuels and crude oil, machinery, vehicles, pharmaceuticals and other chemicals, precious gemstones, textiles, aircraft, plastics, metals, ships.

Sources: www.imf.org,http://data.worldbank.org, http://knoema.com, http://www.economywatch.com, http://epp.eurostat.ec.europa.eu,http://www.tradingeconomics.com, https://www.cia.gov/library/publications/the-world-factbook/geos/ee.html

General information

The evolution of what is today the European Union (EU) from a regional economic agreement among six neighboring states in 1951 to today's hybrid intergovernmental and supranational organization of 28 countries across the European continent stands as an unprecedented phenomenon in the annals of history. Dynastic unions for territorial consolidation were long the norm in Europe; on a few occasions even country-level unions were arranged - the Polish-Lithuanian Commonwealth and the Austro-Hungarian Empire were examples. But for such a large number of nation-states to cede some of their sovereignty to an overarching entity is unique.
The European Union covers an area of more than 4 million km^2 and has over 500 million inhabitants (7% of the world's population) which make it the world's third largest population after China and India. However, the population of Europe is aging as life expectancy increases and fewer children are born. By surface area, France is the biggest EU country and Malta the smallest. Seventeen EU Member States currently compose the Euro Zone: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The Euro area overall economy is the second largest, after the U.S. The total population in the Euro area was last reported at 329.6 million people in 2010, which is 4.78% of the world's total population. The EU strives to improve living standards by protecting the environment, encouraging job creation, reducing regional disparities and connecting formerly isolated areas by developing cross-border infrastructure.

Economic overview

Internally, the EU has abolished trade barriers, adopted a common currency, and is striving toward convergence of living standards. Internationally, the EU aims to bolster Europe's trade position and its political and economic weight. Because of the great differences in per capita income among member states (from $13,000 to $82,000) and in national attitudes toward issues like inflation, debt, and foreign trade, the EU faces difficulties in devising and enforcing common policies. Eleven established EU Member States, under the auspices of the European Economic and Monetary Union (EMU), introduced the euro as their common currency on 1 January 1999 (Greece did so two years later). Between 2004 and 2007, 12 states acceded to the EU that are, in general, less advanced economically than the other 15 member states. On 1st of July 2013 Croatia became the most recent member of the EU, following a decade long application process. Of the 13 most recent entrants, only Slovenia (1 January 2007), Cyprus and Malta (1 January 2008), Slovakia (1 January 2009), and Estonia (1 January 2011) have adopted the euro; 11 non-Euro Member States, other than the UK and Denmark which have formal opt-outs, are required by EU

treaties to adopt the common currency upon meeting fiscal and monetary convergence criteria. Following the 2008-09 global economic crisis, the EU economy saw moderate GDP growth in 2010 and 2011, but a sovereign debt crisis in the euro zone intensified in 2011 and became the bloc's top economic and political priority. Despite EU/IMF adjustment programs in Greece, Ireland, and Portugal, and consolidation measures in many other EU Member States, significant risks to growth remain, including high public debt loads, aging populations, onerous regulations, and fears of debt crisis contagion. In response, euro-zone leaders in 2011 boosted funding levels for the temporary European Financial Stability Facility (EFSF) to almost $600 billion and made loan terms more favorable for crisis-hit countries, and in July 2012 brought the permanent European Stabilization Mechanism (ESM) online, a year earlier than originally planned. In addition, 26 of 28 EU Member States (all except the UK and Czech Republic) have indicated their intent to enact a "fiscal compact" treaty to boost long-term budgetary discipline and coordination. In September 2012 the European Central Bank committed to a bond-buying program for troubled euro-zone member states that agree to a formal program of fiscal and structural reforms, aiming to reduce their borrowing costs and restore confidence in the euro zone.
With 12 new member countries joining since 2004, the EU27's real GDP growth rate in 2009 was the lowest in a decade, of -4.3% on the 2008 volume. The real GDP growth rate in 2011 was 1.5% on previous year. The moderate growth potential of the EU has been further weakened by the financial crisis. The European Commission's estimates show that the EU28 and the Euro area in particular can be expected to lose further ground relative to the US in terms of growth and productivity in the coming decade. Over the next 10 years average annual growth rate in the EU is expected to be 1 percentage point lower than in the last decade and reach 1 ¼% only. Public finances played a key stabilizing role during the global crisis, but the price is higher debt. Since the onset of the crisis in 2007, government debt levels across the EU27 have increased from 59% of GDP in 2007 and exceeded 82% of GDP in 2011. Investors' concerns about the sustainability of the sovereign debt burden in Europe have triggered the sovereign debt crisis and led to rising tensions in the banking sector. Unemployment in the EU27 has increased and was reported at 10.2% in February of 2012.
The Euro area GDP is worth around 20% of the world economy, according to the World Bank. Real GDP growth rate in the Euro area in 2011 was 1.5 % on previous year. Annual GDP growth had reached a record low of -5.2% in March of 2009.The unemployment rate in the Euro area was last reported at 10.8% in February of 2012, reaching a record low of 7.2% in February of 2008. The government debt was last reported at 85.1% of the overall Euro area GDP. Euro area annual inflation was 2.7% in March 2012, unchanged compared with February.
Outside the Euro area, the United Kingdom is among the world's most developed economies. Services, particularly banking, insurance, and business services, account by far for the largest proportion of GDP while industry continues to decline in importance.

Over the past two decades the government has greatly reduced public ownership and contained the growth of social welfare programs. The UK's GDP is worth 3.62% of the world economy, according to the World Bank. The GDP growth was 0.5% in the fourth quarter of 2011 over the same quarter, previous year. The UKgovernment debt was last reported at 80% of the country's GDP.The unemployment rate was last reported at 8.3% in February of 2012. The inflation rate in March of 2012 was 3.5%.

Trade and Investment

Global trade has grown rapidly in the last ten years. Between 1999 and 2008 - an important period in terms of trade growth - the value of world trade in goods grew by 73%. It has been estimated that about a quarter of that growth is due to trade policy choices: traditional tariff cuts as well as other measures that reduce non-tariff barriers. The other three quarters would be due to the overall economic growth (and increased demand), technology, efficiency gains in transport, etc.

Investment is now part of the EU's common commercial policy. As a consequence, the European Commission may legislate on investment. The EU's investment policy is focused on providing EU investors and investments with market access and with legal certainty and a stable, predictable, fair and properly regulated environment in which to conduct their business.

The EU has been addressing the world financial crisis - which did not originate in Europe, but which triggered the economic and debt crisis - with decisive action. Some concrete steps the EU has taken include the signing in 2012 of the Treaty on Stability, Coordination and Growth by 25 EU Member States, comprising a package of six EU laws aimed at close surveillance of public finances and macroeconomic imbalances; the European Financial Stability Facility, a permanent rescue fund launched in May 2010; financial measures aimed at curbing the power of rating agencies, reducing bad loans and systematic failures, and improving cross-border management in the banking sector; as well as proposals for the next EU budget that include structural reforms to facilitate greater economic resilience. Such an approach ensures that short-term recovery goes hand in hand with long-term reforms that make a difference over time. With 502 million inhabitants, the EU has the world's third largest population after China and India. The EU's 2011 GDP of €12.2 trillion is now the biggest in the world. With just 7% of the world's population, the EU accounts for 25.8% of world GDP, and its trade with the rest of the world accounts for around 20% of global exports and imports (excluding intra EU trade). Around two thirds of EU countries' total trade is done with other EU countries. China was the EU's largest trading partner in 2012, followed by the United States.

Operating as a single market, the EU28 is a major world trading power. The EU's trade with the rest of the world accounts for around 20% of global exports and imports. The EU is the world's biggest exporter and the second-biggest importer. Around two thirds of EU countries' total trade is done with other EU countries. The United States is the EU's most important trading partner, followed by China. The EU27external current account recorded a surplus of 13.1 billion euro in the fourth quarter of 2011, compared with a deficit of 14.5 bn in the fourth quarter of 2010. In the fourth quarter of 2011, the EU27 made direct investments abroad of 104.3 bn euro, compared with 35.0 bn in the same quarter of 2010, while foreign direct investors made investments in the EU27 of 58.7 bn, compared with 84.0 bn in the same quarter of 2010. Portfolio investment recorded a net inflow of 11.0 bn, compared with a net outflow of 3.3 bn in the fourth quarter of 2010. Also, in the fourth quarter of 2011, the EU27 external account recorded a surplus with the USA, Brazil, Hong Kong, India and Canada, and a deficit with China, Russia and Japan.

In the Euro Zone business confidence declined to -0.3 in March of 2012 from -0.18 in February of 2012. The current account was last reported at -0.4% of GDP. The Euro area trade balance with the rest of the world in January 2012 scored a 7.6 bn euro deficit, compared with -16.1 bn in January 2011. A trade surplus equivalent to 2.8 bn euro and a current account surplus equivalent to 5.9 bnEUR were reported in February of 2012. The Euro area main trading partners are the United Kingdom, the United States, China, Russia, Switzerland and Turkey. The biggest exporters within Euro area are Germany, France, Italy and Netherlands. Euro area main imports partners are China, the United Kingdom, the United States, Russia and Japan.

Fiscal Performance

The Euro area reported a government budgetdeficit equivalent to 6.2% of the GDP in 2010. Fiscal policy has been constrained in many countries by the high costs - or even the loss - of access to market financing. Also, the fiscal costs of ageing populations will be an increasing burden for public finances.

The 2012 Fiscal Sustainability Report analyses the sustainability of public finances in the Member States, against the background of the impact of the financial, economic and fiscal crisis and the demographic ageing projected. Analysing prospective government debt developments and risks to fiscal sustainability is crucial at the current juncture for euro-area countries and the EU as a whole to be able to formulate appropriate policy responses and restore credibility and confidence. High levels of public debt and/or significant budget deficits need to be addressed resolutely and promptly so as to ensure the stability of public finances. Failing to do so might prompt strong and sudden policy adjustments at some point. In a short-term perspective, risks for fiscal stress have abated in nearly all countries in the last years. While in 2009 almost two thirds of the EU countries were above the critical threshold, indicating at that time elevated risks of fiscal stress for 2010, in following years short-term risks have been progressively reduced.

Growth and Competitiveness

The gravity of the world economy is shifting towards very dynamic economies, which will make the global environment even more competitive. 'Europe 2020' is the EU's growth strategy for the coming decade: to become a smart, sustainable and inclusive economy able to deliver high levels of employment, productivity and social cohesion. Concretely, the EU has set five objectives - on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020. Research and development (R&D) lies at the heart of the EU's strategy to make its economy more competitive. The aim is to invest more to bring its R&D spending in line with that of the United States and Japan. Coordination of economic policies will have to be strengthened further, particularly in the Euro area. Reforms promoting a sustained rise in employment rates are necessary in view of the prevailing demographic prospects in the EU. The Europe 2020 Strategy aims at increasing the rate of employment from 69% currently to 75% in 2020. An efficient adjustment of labour costs is crucial to reduce imbalances and address the high rise in unemployment. Productivity growth should be given priority due to its positive impact on output growth and on reducing current account imbalances in a sustained way. Enhancing the transparency and quality of public administration will bring significant gains to the delivery of public services. Overall, a true structural change is necessary in the EU economy. Growth and job creation depend on healthy, well connected markets, where competition and consumer access stimulate business and innovation. Access to the single market for small businesses and development of entrepreneurship must be improved. Also, the EU needs a regulatory environment that ensures effective, secure financial markets and innovative instruments to finance the necessary investment - including public-private partnerships. To foster growth, the EU must encourage trading in open, fair markets worldwide, within a rules-based international framework for macroeconomic policy coordination.

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India

Size of GDP (2012)	US$1.824 trillion – nominal – 10th US$4.684 trillion – PPP -3rd
GDP per capita (2012)	US$1,491 – nominal (141th) US$3,829 – PPP (130th)
Five year GDP growth rate	2008: 3.9% 2009: 8.5% 2010: 10.5% 2011: 6.3% 2012: 3.2%
Trade to GDP	2008: 42.1% 2009: 30.9% 2010: 33.7% 2011: 41.0% 2012: 42.5%
Main trading partners	**Primary exports partners**: United Arab Emirates 11.8%, United States 11.1%, China 5.9%, Singapore 5.5%, Hong Kong 4.2%; **Total value of exports** (2012 est.): US$304.6 billion **Primary imports partners**: China (11.8%), UAE (7.3%), Switzerland (6.5%), Saudi Arabia (6.3%), United States (4.7%) **Total value of imports** (2012 est.): US$489.4 billion
Top exports	Petroleum (26.8%), gems and jewelry (22.5%), pharma products (11.5%), transport equipment (10.0%), machinery& instruments (6.7%).
Top imports	Petroleum and crude products (43.5%), gold&silver (17.4%), electronic goods (9.3%), pearls&precious stones (8.7%), machinery (8.4%).

Sources: www.imf.org, http://data.worldbank.org, http://knoema.com, http://www.economywatch.com, http://www.indexmundi.com

General information

India, officially the Republic of India, the country that occupies the greater part of South Asia, is a constitutional republic consisting of 28 states, each with a substantial degree of control over its own affairs; 6 less fully empowered union territories; and the Delhi national capital territory, which includes New Delhi, India's capital. With roughly one-sixth (over 1.2 billion people) of the world's total population, India is the second most populous country, after China and will overtake China in about 2030. India, unlike China, has a predominantly young popultaion with 63% under the age of 30.
The Indus Valley civilization flourished during the 3rd and 2nd millennia B.C. and extended into northwestern India. Aryan tribes from the northwest infiltrated onto the Indian subcontinent about 1500 B.C.; their merger with the earlier Dravidian inhabitants created the classical Indian culture. The Maurya Empire of the 4th and 3rd centuries B.C. - which reached its zenith under ASHOKA - united much of South Asia. The Golden Age ushered in by the Gupta dynasty (4th to 6th centuries A.D.) saw a flowering of Indian science, art, and culture. Islam spread across the subcontinent over a period of 700 years. In the 10th and 11th centuries, Turks and Afghans invaded India and established the Delhi Sultanate. In the early 16th century, the Emperor Babur established the Mughal Dynasty which ruled India for more than three centuries. European explorers began establishing footholds in India during the 16th century. By the 19th century, Great Britain had become the dominant political power on the subcontinent. The British Indian Army played a vital role in both World Wars. Nonviolent resistance to British rule, led by Mohandas Gandhi and Jawaharlal Nehru, eventually brought about independence in 1947.

Economic overview

India currently rejoices in one of the largest and most highly diversified economies in the world. However, because of its enormous population, it is at same time one of the world's poorest countries in terms of income and gross national product per capita. Since independence, India has promoted a mixed economic system in which the government, constitutionally defined as "socialist," plays a major role as central planner, regulator, investor, manager, and producer. Starting in 1951, the government based its economic planning on a series of five-year plans influenced by the Soviet model. Initially, the attempt was to boost the domestic savings rate, which more than doubled in the half century following the First Five-Year Plan (1951–55). With the Second Five-Year Plan (1956–61), the focus began to shift to import-substituting industrialization, with an emphasis on capital goods. A broad and diversified industrial base developed.
As the Soviet system ultimately collapsed in the early 1990s, India adopted a series of free-market reforms that prompted the growth of its middle class. Consequently, India's highly

educated and well-trained workforce transformed the country into one of the global centers of the high-technology booms (that began towards the end of the 20th century) that resulted in high annual growth rates. The agricultural sector remains the country's main employer (around 50% of the total workforce). Nonetheless, accounting for about 20% of the GDP, it is no longer the largest contributor to the country's gross domestic product. Though the manufacturing sector remains a solid component of GDP, the country's major growth has been in trade, finance, and other services, which, collectively, represent, by far, the largest component of GDP. India's economic and human development is one of the most significant global achievements of recent times. Between 2005 and 2010, India's share of global GDP increased from 1.8 to 2.7 percent, and 53 million people were lifted out of poverty. Growth has steadily accelerated over time, showing resilience even in the aftermath of the global crisis. India has undergone a paradigm shift owing to its competitive stand in the world. The Indian economy is on a robust growth trajectory and boasts of a stable annual growth rate, rising foreign exchange reserves and booming capital markets among others.

Trade and investment

Though, there are very few things that India cannot produce, a great share of its manufacturing products would not be economically competitive without the protection offered by tariffs on imported goods (which, despite liberalization, have remained high). In relation to the country's gross domestic product and given the diversity of its economy base, India's foreign trade is low.

Moreover, India suffers from a chronic and large foreign trade deficit, which is aggravated by substantial imports of smuggled goods, mostly luxuries.

In terms of value of the exported commodities, gems and jewelry (for the great part destined to the Middle Eastern market) have long held the leading position, followed by ready-made garments and leather and leather products (reflecting both cheap labor and the country's large number of cattle).

However, since the turn of the 21st century, engineering products have become the leading export, and chemicals and chemical products and food and agricultural products have slipped in behind gems and jewelry. Imports are highly diverse and include petroleum and petroleum products, precious metals, and chemicals and chemical products.

Foreign trade accounted for over 25% of the country's GDP in 2006, up from 14.1 percent in 1990-1991. India rejoices in worldwide trade links. The United States and the former Soviet Union were long the principal destinations for India's exports (often, in the latter case, under barter arrangements). The United States remains a major destination of Indian goods, while the countries of the European Union (EU), China (including Hong Kong), and the United Arab Emirates have also been important. The main import sources are China, the EU, and the United States.

Fiscal performance

India's government-regulated and largely government-owned banking system is well developed. Its main institution is the Reserve Bank of India (founded 1935), which regulates the circulation of banknotes, manages the country's reserves of foreign exchange, and operates the currency and credit system. In 1975 the government instituted a system of regional rural banks, the principal purpose of which was to meet the credit needs of small farmers and tenants. This has gone a long way toward lessening the strength of rapacious village moneylenders, whose rates of interest were typically so exorbitant that their borrowers were left interminably in their debt.

Other banks have been established by the central government to provide credits promoting various types of industry and foreign trade. Many foreign banks maintain branch offices in India, and Indian banks maintain offices in numerous foreign countries.

Stock exchanges do not play the prominent role in India that they do in more affluent capitalist societies. They do, however, exist in most of the largest Indian cities and facilitate the flow of capital in the form of securities under rules set down by the Ministry of Finance.

In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand - and growth exceeded 8% year-on-year in real terms. However, India's economic growth began slowing in 2011 because of a tight monetary policy, intended to address persistent inflation, and a decline in investment, caused by investor pessimism about domestic economic reforms and about the global situation. High international crude prices have exacerbated the government's fuel subsidy expenditures, contributing to a higher fiscal deficit and a worsening current account deficit.

In late 2012, the Indian Government announced reforms and deficit reduction measures to reverse India's slowdown. Currently, India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The outlook for India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy.

Growth and competitiveness

India's extensive bureaucracy (a common "legacy" of former socialist countries) is also one that has contributed significantly to social and economic growth. The country's economic growth, for instance, has been greatly facilitated by its considerable engineering expertise. Beginning in the 1990s, the private sector contributed greatly to the growth of services with the establishment of a robust computer software and services industry, located largely in the urban areas of Bangalore and Hyderabad. India has many long-term challenges that it has not yet fully addressed, including poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, inadequate availability of quality basic and higher education, and accommodating rural-to-urban migration.

With a large number of English speakers, India also emerged as a low-cost alternative for U.S. telecommunications companies and other enterprises to establish telephone call centers. India has remained a prime destination for tourists from both Europe and the Americas, and tourism has been a major source of foreign exchange.

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Romania

Size of GDP (2012)	US$ 268.2 billion (nominal) 49th US$ 274.1 billion (PPP) 45th
GDP per capita (2012)	US$ 8,862.874 (nominal) 67th US$ 12,800 (PPP) 73rd
Five year GDP growth rate	2007: 6.0% 2008: 7.9% 2009: -6.6% 2010: -1.6% 2011: 2.5% 2012: 3.7%
Trade to GDP	2007: 65.5% 2008: 65.4% 2009: 57.7% 2010: 67.9% 2011: 73.5% 2012: 75.5%
Main trading partners	**Primary exports partners**: Germany 18.9%, Italy 12.3%, France 7.1%, Turkey 5.5%, Hungary 5.5% **Total value of exports** (2012 est.): US$58.11 billion **Primary imports partners**: Germany 17.5%, Italy 11%, Hungary 9.1%, France 5.7%, China 4.4%, Russia 4.4%, Poland 4.3%, Austria 4.2% **Total value of imports** (2012 est.): US$67.54 billion
Top exports	Machinery, industrial equipment and transport means (41.2%); raw materials, except fuels (7.2%); food, beverages and tobacco (6.4%); chemicals and related products (6.3%); mineral fuels and lubricants (5.5%); other manufactured products (33.4%).
Top imports	Machinery, industrial equipment and transport means (34.6%); chemicals and related products (13.2%); mineral fuels and lubricants (11.3%); food, beverages and tobacco (6.8%); raw materials, except fuels (3.5%); other manufactured products (30.6%).

Sources:www.imf.org; http://data.worldbank.org; http://knoema.com,http://www.economywatch.com; http://www.tradingeconomics.com; http://www.minind.ro.

General information

Romania is a NATO member (since 2004) and joined the European Union (EU) on January 1st, 2007. Located at the crossroads of Central and Southeastern Europe, on the Lower Danube [bordering the Republic of Moldova, Ukraine and the Black Sea (to the East), Bulgaria (to the South), Serbia and Hungary (to the West) and Ukraine (to the North)] with a total area of 238,391 km2, Romania is the ninth largest country in the EU and has the seventh largest population of the EU with over 20 million residents (according to the provisionary results of the 2012 census).

Economic overview

The country emerged in 2000 from a three-year recession thanks to strong demand in EU export markets. Domestic consumption and investment fueled strong GDP growth, but led to large current account imbalances. Inflation rose in 2007-2008, driven by strong consumer demand, high wage growth, rising energy costs and a relaxation of fiscal discipline. As a result of the global financial crisis, Romania's GDP fell more than 7% in 2009, prompting the government to seek a $26 billion emergency assistance package from the IMF, the EU, and the World Bank. Subsequent drastic austerity measures led to a 1.3% GDP contraction in 2010. In March 2011, Romania and the IMF/EC/World Bank signed a 24-month precautionary stand-by agreement, worth $4.9 billion, to promote compliance with fiscal targets, progress on structural reforms, and financial sector stability. Latest projections estimate a real GDP growth rate around 1.5% in 2012 with growth rising to 3% in 2013. In recent years, domestic consumption and Foreign Direct Investments (FDI) have been stimulating Romania's GDP growth. However, FDI inflows continue to be weak, at 1.4% in 2011, and expected to reach 1.9% in 2012. There was a steady and sustainable drop in inflation to 3.1% at end-2011 from 7.9% in December 2010. Nonetheless, there are risks to maintaining growth which include uncertainty in the Eurozone and about the exports markets, political developments in the context of local and parliamentary elections, and absorption of EU funds. Corruption and red tape continue to be major hurdle for the future development. The Government Debt in Romania was reported at 30.8% of the country's GDP in 2011. From 1999 until 2010, Romania's average government debt to GDP was 20.3% reaching an historical high of 30.8% in December of 2010 and a record low of 12.4% in December of 2006. The key challenges for Romania in the medium term are: to achieve steady economic growth and improve living standards, meet fiscal targets, and continue structural reforms and the modernization of the public administration.

Trade and Investment

Romania's Gross Domestic Product (GDP) is worth 162 billion dollars or 0.26% of the world economy, according to the World Bank. Historically, from 2001 until 2011, Romania's average annual GDP growth was 4.04% reaching an historical high of 9.8% in September of 2004 and a record low of -8.7% in June of 2009. In 2011, the 2.5% GDP growth was mostly due to higher exports and better agriculture harvests. Main commodities exported are: electric machinery and equipment, metallurgy, light machinery and auto assembly, textiles and footwear, chemicals, agricultural products, minerals and fuels. More than 70% of Romania's exports and imports are with other EU countries (mainly Germany, Italy and France), but we see a significant increase in trade with other countries, such as: Canada, US, Brazil, Ukraine, Turkey, Kazakhstan, Saudi Arabia, South Africa, Jordan, Kuwait, Afghanistan, Singapore. Romania reported a trade deficit equivalent to 1021 Million EUR in December of 2011. Current account deficit scored a record low of 13.4% to GDP in December of 2007, but narrowed to 4.3% in 2011 mainly due to a significant decrease in the trade gap. The competitiveness of Romanian companies on the global market is very critical due to low productivity. The market reach of SMEs is mostly affected because of the difficulty to access financing instruments and adopt new technologies. The delocalization of foreign industries to Eastern Europe benefited Romania these past years, but the trend has started to reverse as more companies are moving their production facilities to developing countries from South-East Asia. Attracting foreign investments in Romania remains a huge challenge which should be tackled by changing foreign investment legislation, improving road infrastructure, reducing employment fiscal policy and developing the public-private partnership.

Fiscal Performance

Romania's budget deficit reached 4.2% of GDP in 2011 despite positive fiscal performance in 2010. At a global level, Romania is part of the EU Fiscal Treaty. For 2012, the 1.9% of GDP target for the deficit of the general Government is very ambitious. Improvements in revenue collection, optimization of expenditures, better targeted assistance to the poor and vulnerable, stringent expenditure controls, and further measures will be critical to reach the deficit objective.

Structural reform agenda

The global crisis prompted long-needed reforms in health, education, the financial sector, public financial management, public administration, social insurance, and social assistance. Structural reform priorities in 2011-2012 include public finance, energy and health. The EU Fiscal Treaty requires Romania to take measures that ensure its public financial management framework (such as treasury and debt management, macro-forecasting capacity, strategic prioritization in the budget process) meets the binding standards imposed by the Treaty. The poor financial performance of the energy sector (dominated by state-owned enterprises) carries significant risks for Romania's fiscal stability, energy security, and economic growth. In health, Romania spends less than 5% of GDP, compared with a European average of 6.5% and an EU average of 8.7%. Romania's health infrastructure still suffers from fragmentation, inefficiency, and poor regulation.

Sustainable Development

Agriculture plays an important role in Romania in terms of the size of the rural population (45%) and employment (30% of total workforce), making it central to Romania's EU integration and social cohesion goals. Yet, Romania has the highest incidence of rural poverty (over 70%) and one of the lowest competitiveness in agriculture, importing a large proportion of its food needs. In education, one of Romania's key priorities continues to be upgrading the skills of its population to meet 'Europe 2020' targets. Yet, brain drain to other countries and the lack of professional teaching staff are chronic problems. In 2009, poverty declined to 4.4%, due to increased social protection and insurance spending, but it is still among the highest in the EU. Unemployment levels also remained high despite declining from over 8.3% in early 2010 to around 7% currently. As a response to EU macro-regional cooperation efforts, Romania is co-initiator, together with Austria, of the EU Strategy for the Danube Region and coordinates three of the 11 priority areas: 1. Improve mobility and transport in inland waterways (together with Austria); 2. Promote culture and tourism, people to people contacts (together with Bulgaria); 3. Manage environmental risks (together with Hungary).

Competitiveness

This is a chapter where Romania still lags far behind in the EU and globally. According to the 2012-2013 Global Competitiveness Report, Romania is on the 78th place of 144 countries at global level, loosing 1 place from the previous year and on the 27th place in the EU. The report shows that Romania's main vulnerability is the transparency in the decision-making processand greateraccountability in financial and political institutions. In order to become more competitive in a global market, Romania needs to attract foreign and private investment, enhance productivity through innovation and define clear, coherent and coordinated policies and priorities. An effective reform of the public administration at central and local levels would beessential since weak administrative capacity limits reforms, hinders the absorption of EU funds and is dissuasive for investors. It is important to improve the governance in the area of business environment andthe quality of regulations. Mitigating further the high financing costs and overcoming the scarcity of credit, including through developing strong and liquid local capital markets are of particular importance to facilitate access to finance for businesses. Furthermore, developing the weak transport and communication infrastructure would be critical to improving competitiveness and attracting investments. In the long term, for Romania, the challenge will be to ensure a paradigm shift away from unskilled labour and energy intensive sectors towards more smart, low carbonand resource-efficient activities.

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The Russian Federation

Size of GDP (2012)	$ 2.022 trillion nominal -8th $2.513 trillion PPP- 6th
GDP per capita (2012)	$ 14,247 – 48nd $17,709 PPP- 55h
Five year GDP growth rate	2008: 5.2% 2009: -7.8% 2010: 4.5% 2011: 4.3% 2012: 3.4%
Trade to GDP	2007: 30% 2008: 46% 2009: 40.5% 2010: 42.6% 2011: 44.5% 2012: 42.9%
Main trading partners	**Primary export partners**: Netherlands (14.4%), China (6.4%), Italy (5.3%), Germany (4.5%) (2012 est.) **Total export value** (2012 est.): $542.5 billion **Primary import partners**: China 15.5%, Germany 9.5%, Ukraine 5.5%, (2012 est.) **Total import value** (2012 est.): $358.1 billion
Top exports	Petroleum and petroleum products, natural gas: (total fuel exports: 65.7%) metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures.
Top imports	Machinery, meat, fruits and nuts (foods: 13%) ground transports (12%), pharmaceutical products, plastic, semi-finished metal products, optical and medical instruments, iron, steel.

Sources: www.imf.org,http://data.worldbank.org,http://knoema.com, http://www.economywatch.com, www.cia.gov, http://www.indexmundi.com

General information

The Russian Federation is located in the Northern Asia bordering the Arctic Ocean, extending from Europe (the portion west of the Urals) to the North Pacific Ocean. Its neighboringcountries are Azerbaijan 284 km, Belarus 959 km, China (southeast) 3,605 km, China (south) 40 km, Estonia 290 km, Finland 1,313 km, Georgia 723 km, Kazakhstan 6,846 km, North Korea 17.5 km, Latvia 292 km, Lithuania (Kaliningrad Oblast) 227 km, Mongolia 3,441 km, Norway 196 km, Poland (Kaliningrad Oblast) 432 km, Ukraine 1,576 km.
Russia is the largest country in the world in terms of area but unfavorably located in relation to major sea lanes of the world. It is divided into 46 provinces, 21 republics,4 autonomous okrugs,9 krays,2 federal cities, and 1 autonomous oblast.

Economic overview

Russia has undergone significant changes since the collapse of the Soviet Union, moving from a globally-isolated, centrally-planned economy to a more market-based and globally-integrated economy. Economic reforms in the 1990s privatized most industry, with notable exceptions in the energy and defense-related sectors. The protection of property rights is still weak and the private sector remains subject to heavy state interference. Russian industry is primarily split between globally-competitive commodity producers. In 2011, Russia became the world's leading oil producer, surpassing Saudi Arabia and it is the second-largest producer of natural gas. Russia holds the world's largest natural gas reserves, the second-largest coal reserves, and the eighth-largest crude oil reserves. The economy had averaged 7% growth in the decade following the 1998 Russian financial crisis, resulting in a doubling of real disposable incomes and the emergence of a middle class. The Russian economy, however, was one of the hardest hit by the 2008-09 global economic crisis as oil prices plummeted and the foreign credits that Russian banks and firms relied on dried up.

Trade and investment

Russia is the third-largest exporter of steel and primary aluminum - and other less competitive heavy industries that remain dependent on the Russian domestic market. This reliance on commodity exports makes Russia vulnerable to boom and bust cycles that follow the highly volatile swings in global commodity prices.Russia exports mainly petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures. The imports consist mainly in machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron, steel. The government since 2007 has embarked on an ambitious program to reduce this dependency and build up the country's high technology sectors, but with few results so far.

Fiscal performances

The economy had averaged 7% growth in the decade following the 1998 Russian financial crisis, resulting in a doubling of real disposable incomes and the emergence of a middle class. Still, the investment rate is 21.1% of GDP according to 2011 estimations. Also, for the last 4 years the GDP growth rates were -7.8% (2009), 4.3% (2010), 4.3% (2011), 3.6% (2012).Taxes and other revenues form 20.3% of GDP while investments are situated at 21.3% of GDP according to the same estimations.
Russia's economy performed well in 2012. GDP experienced a 3.6% growth rate and state debt remained low by current Western standards, at about 11% of GDP. Inflation increased slightly, to about 7%, partly because a poor harvest sent food prices up.

Structural reform agenda

Russia has undergone significant changes since the collapse of the Soviet Union, moving from a globally-isolated, centrally-planned economy to a more market-based and globally-integrated economy. Economic reforms in the 1990s privatized most industry, with notable exceptions in the energy and defense-related sectors. The protection of property rights is still weak and the private sector remains subject to heavy state interference.

Competitiveness

The future of Russia as a modern nation directly depends on its involvement in the globalization process. The greatest difficulty for Russia is in the information and communication aspect of globalization as its large territory makes the process of effective dissemination of information, including official orders from the center to the regions, a serious challenge. Consequently, most information loses its actuality or even become simply outdated by the time it reaches its addressees. Today, a country's competitiveness depends on its capability to provide its citizens, especially the intellectual and political classes, with comprehensive local and international information.

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United Kingdom

Size of GDP (2012)	US$2.441 trillion – nominal (7th) US$2.375 trillion – PPP (9th)
GDP per capita (2012)	US$38,591 – nominal (20th) US$36,728 – PPP (17th)
Five year GDP growth rate	2009: -4.0% 2010: 1.8% 2011: 1.0% 2012: 0.3%
Trade to GDP	2008: 42.7% 2009: 40.0% 2010: 44.6% 2011: 48.1% 2012: 47.2%
Main trading partners	**Primary export partners**: Germany 11.5%, US 10.6%, Netherlands 8.9%, France 7.4%, Ireland 6%, Belgium 5.1% **Total value of exports**: US$474.6 billion **Primary imports partners**: Germany 12.5%, China 812%, Netherlands 7.3%, US 6.8%, France 5.3%, Belgium 4.4% **Total value of imports**: US$642.6 billion
Top exports	Services (75%), manufactured goods (10%), fuels, chemicals; food, beverages, tobacco.
Top imports	Manufactured goods, machinery, fuels; foodstuffs.

Sources: www.imf.org, http://data.worldbank.org, http://knoema.com, www.economywatch.com, http://www.ons.gov.uk/

General information

The United Kingdom is an island country located off the northwestern coast of mainland Europe. It comprises the whole of the island of Great Britain - which contains England, Wales, and Scotland - as well as the northern portion of the island of Ireland. London, the capital city of the UK, is among the world's leading commercial, financial, and cultural centers. With a population of 62,262,000 (2010), the United Kingdom is currently the fourth most populous country in Europe and ranks 22nd worldwide.
The United Kingdom has historically played a leading role in developing parliamentary democracy and in advancing literature and science. At its zenith in the 19th century, the British Empire stretched over one-fourth of the earth's surface. The first half of the 20th century saw the UK's strength seriously depleted in two world wars and the Irish Republic's withdrawal from the union. The second half witnessed the dismantling of the Empire and the UK rebuilding itself into a modern and prosperous European nation. As one of five permanent members of the UN Security Council and a founding member of NATO and the Commonwealth, the UK pursues a global approach to foreign policy. The UK is also an active member of the EU, although it chose to remain outside the Economic and Monetary Union. The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly were established in 1999. The latter was suspended until May 2007 due to wrangling over the peace process, but devolution was fully completed in March 2010.

Economic overview

The United Kingdom rejoices in a highly developed, independent and international trading economy that was the leading figure of the Industrial Revolution. The country emerged from World War II as a military victor but with a debilitated manufacturing sector. Postwar recovery was relatively slow, the British economy having required nearly forty years (with additional stimulation after 1973 as a result of the country's membership in the European Economic Community/European Union) in order to improve its competitiveness significantly. Economic growth rates in the 1990s compared favorably with those of other top industrial countries. The contribution of the manufacturing sector to the country's GDP has declined to about one-fifth of the total, with services providing the source of greatest growth.
The United Kingdom (particularly London) has traditionally been a world financial center. At the end of the 20th century, the country's financial services industry represented over 8% of its overall gross domestic product and employed more than one million people. The financial services sector has witnessed a very rapid growth in several medium-sized cities, notably Leeds and Edinburgh, but London has continued to dominate the industry

and has significantly increased its size and influence as a center of international financial operations. Foreign exchange, securities trading as well as capital flows in general have also notably increased – London currently having more foreign banks than any other city in the world. In addition to that, increased competition and technological developments have accelerated change.

Trade and investment

Trade has long been pivotal to the United Kingdom's economy. The overall value of imports and exports accounts for about 50% of the country's GDP. (By comparison, in the United States, the value of foreign trade only amounts to about 20% of the gross domestic product.) In recent years, the volume of the country's exports and imports has grown steadily. The main British exports include machinery, automobiles and other transport equipment, electrical and electronic equipment (including computers), chemicals, and oil. Services, particularly financial services, are another major export and contribute positively to Britain's trade balance. The United Kingdom imports about 10% of its foodstuffs and over 30% of its machinery and transport equipment.

In the last decades, the UK's main trading ties have shifted from its former colonial states to other members of the EU, which now account for more than 50% of its trade in tangible goods. The United States is a major investment and trading partner, and Japan has become a significant investor in local production. In fact, American and Japanese companies often choose the United Kingdom as their European base. Germany is the UK's the leading supplier and the second most important export market. Moreover, other fast-developing East Asian countries with export-oriented economies include the United Kingdom's open market among their important outlets.

Fiscal performance

In the mid-1980s, the UK's historically favorable overall balance of payments (transfer payments and trade in services included) fell into deficit. The growth of North Sea oil production, together with the effects of high oil prices and measures to economize on oil consumption (it was at this time, for example, that speed limits were introduced for all roads), resulted in this oil deficit being eliminated by 1980: exports rose and imports were reduced. This situation that lasted until the end of the 1990s and it was induced by the fact that visible imports exceeded visible exports. Nonetheless, overseas investment and foreign earnings grew as the British government supported trade liberalization and took part in international trade organizations. Thus, by the late 1990s the UK could rejoice in the first balance-of-payments surplus in more than a decade, thanks mainly to the steady

growth in exports of goods and services and in foreign earnings.
The UK currently has a number of organized financial markets. The securities markets comprise the International Stock Exchange, which deals in officially listed stocks and shares (including government issues, traded options, stock index options, and currency options).
The last fifty years witnessed a steady growth of the share of invisible trade (receipts and payments from financial services; interest, profits, and dividends; and transfers between the United Kingdom and other countries): from about 30% to 50% of the country's total foreign earnings. As a result, service transactions have grown rapidly, and financial services have grown the fastest.
As a result of the 2008 economic and financial crisis the GDP of the United Kingdom dropped from a 4.2% increase during the third quarter of 2008 to a minimum negative growth rate of -6.9% in the same quarter of the following year. Indeed, the 2009-2010 period witnessed six consecutive quarters of negative growth ranging from -2.6% in the second quarter of 2009 - the first one of negative growth, to -0.8% in the last quarter of 2010 - the last one to have experienced negative growth. The Gross Domestic Product in the United Kingdom expanded 0.5 percent in the fourth quarter of 2011 over the same quarter, previous year and is expected to keep growing at similar rates in 2012.
In November 2011, Chancellor of the Exchequer George Osborne announced additional austerity measures through 2017 because of slower-than-expected economic growth and the impact of the euro-zone debt crisis. The Cameron government raised the value added tax from 17.5% to 20% in 2011. It has pledged to reduce the corporation tax rate to 21% by 2014. The Bank of England (BoE) implemented an asset purchase program of up to £375 billion (approximately $605 billion) as of December 2012. During times of economic crisis, the BoE coordinates interest rate moves with the European Central Bank, but Britain remains outside the European Economic and Monetary Union (EMU).
In 2012, weak consumer spending and subdued business investment weighed on the economy. GDP fell 0.1%, and the budget deficit remained stubbornly high at 7.7% of GDP. Public debt continued to increase.

Growth and competitiveness

Based on market exchange rates, the United Kingdom is currently the world's 6th largest economy and the 3rd largest economy in Europe, precedent only by Germany and France (having fallen behind France for the first time in over a decade in 2008. Their positions are expected to reverse again by the end of this year).
The growth of service industries has doubtless been the most notable economic development in the United Kingdom. Service industries currently account for over 60% of the country's growth in domestic product and more than 75% of the total employment. This reflects the rise in real personal incomes, changes in patterns of consumer

expenditure, and the elaboration and increasing outsourcing of business services. Other than the financial services sector business-support services, such as computing systems and software, management consultancy, advertising, and market research, as well as the provision of exhibition and conference facilities have also experienced remarkable growth. Another leading sector of the British economy is tourism, as the country receives over 25 million visits every year. London is one of the world's most-visited cities.

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United States of America

Size of GDP (2012)	US$15.56 trillion– nominal – (1st) US$ 15.65 trillion – PPP –(1st)
GDP per capita (2012)	US$ 49,601– nominal (12th) US$49,922 – PPP (6th)
Five year GDP growth rate	2008: -0.4% 2009: -3.1% 2010: 2.4% 2011: 1.8% 2012: 2.2%
Trade to GDP	2008: 23.4% 2009: 19.1% 2010: 22.5% 2011: 25.0% 2012:24.8%
Main trading partners	**Primary export partners**: Canada 18.9%, Mexico 14%, China 7.2%, Japan 4.5 %, **Total value of exports** (2012):US$1.564 trillion **Primary imports partners**: China 19%, Canada 14.1 %, Mexico 12%, Japan 6.4 %, Germany 4.7 % **Total value of imports** (2012): US$2.299 trillion
Top exports	Agricultural products (soybeans, fruit, corn) 9.2%, industrial supplies (organic chemicals) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) 49.0%, consumer goods (automobiles, medicines) 15.0%.
Top imports	Agricultural products 4.9%, industrial supplies 32.9% (crude oil 8.2%), capital goods 30.4% (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods 31.8% (automobiles, clothing, medicines, furniture, toys).

Sources: www.imf.org; http://data.worldbank.org; http://knoema.com; http://www.economywatch.com; http://www.indexmundi.com.

General Information

The United States of America (conventional short form: United States), with an area of 9,826,675 sq km is the world's third-largest country by size (after Russia and Canada) and by population (313,847,465 - after China and India); Washington, D.C. with a population of 4.421 million is the capital city since 1800. Among other important cities are New York-Newark; Los Angeles-Long Beach-Santa Ana; Chicago and Miami; it is bordered on the N by Canada, on the E by the Atlantic Ocean, on the S by the Gulf of Mexico and Mexico, and on the W by the Pacific Ocean, with a total boundary length of 17,563 km (10,913 mi). The overwhelming majority of the total U.S. population is white (72.4%), non-Hispanic whites represent 63.7% of the total population, black 12.85%, Asian 4.43%, and Amerindian and Alaska native account for 0.97%, while native Hawaiian and other Pacific islander represent 0.18%, those declaring two or more races represent 1.61%.

Political System

The constitution, drafted in 17th of September, 1787, established a federal system with a division of powers which has remained unchanged in form since its inception. The government type is Constitution-based federal republic, based on a strong democratic tradition and divided into three powers: Executive branch, with the president both the chief of state and head of government (President Barack H. Obama since 20th of January 2013 and Vice President Joseph R. Biden since 20th of January 2013; Legislative branch with the bicameral Congress which consists of the Senate (100 seats, 2 members elected from each state by popular vote to serve six-year terms; one-third elected every two years) and the House of Representatives (435 seats; members directly elected by popular vote to serve two-year terms); and the Judicial branch with the Supreme Court (nine justices; nominated by the president and confirmed with the advice and consent of the Senate; appointed to serve for life); United States Courts of Appeal; United States District Courts; State and County Courts. The United States has a multiparty political system that means, it admits the legal constitution of the parties. U.S.'s major political parties include: Democratic Party; Green Party; Libertarian Party; Republican Party. However, the overwhelming majority of votes cast are for the Democratic Party and the Republican Party which represent practically all elected officials in the United States.

Economic Overview

The USA is the world's foremost economic and military power, with global interests and an unmatched global reach. America's gross domestic product accounts for close to a quarter of the world total, and its military budget is reckoned to be almost as much as the rest of the world's defense spending put together. The country is also a major source of entertainment: American TV, Hollywood films, jazz, blues, rock and rap music are primary ingredients in global popular culture. The US has the largest and most technologically powerful economy in the world, with a per capita GDP of $48,386. In this market-oriented economy, private individuals and business firms make most of the decisions, and the federal and state governments buy needed goods and services predominantly in the private marketplace. Despite relative prosperity in recent years, the gap between rich and poor remains a major challenge. More than 30 million Americans live below the official poverty line, with a disproportionate percentage of these being African-Americans and Hispanics. Being the largest economy on the planet, the U.S. is the leading source of investment for other countries. America is home to large-scale worldwide corporations which have been at the forefront of the globalization wave. In search of new markets, production bases and other opportunities, these corporations have spread their tentacles across the world. At the same time, the U.S. remains the biggest destination for investment, despite the rise of other major economies in recent years. Investors are attracted to the U.S. and its open and free economic environment, vibrant business environment, healthy corporate governance standards and the wide range of investment opportunities. Further, the country has long remained the biggest source of investments for the rest of the world. The U.S. economy was hit hard by the 2008 financial crisis; however, the country has rebounded and the U.S. remains the world's largest national economy and export market. America ranks number five on the World Economic Forum's 2011 list of the most competitive environments for business. Home to many of the world's top universities, the U.S. is at the technological forefront in virtually every field of business. More than any other industrialised country, the United States has adopted what could be labeled a 'scientific' approach to business. Every aspect of commercial life is studied and analysed and this scientific approach is both respected and acted upon.

In December 2012, the Federal Reserve Board announced plans to purchase $85 billion per month of mortgage-backed and Treasury securities in an effort to hold down long-term interest rates, and to keep short term rates near zero until unemployment drops to 6.5% from the December rate of 7.8%, or until inflation rises above 2.5%. Long-term problems include stagnation of wages for lower-income families, inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, energy shortages, and sizable current account and budget deficits - including significant budget shortages for state governments.

Growth and Competitiveness

In January 2010, President Obama unveiled a new plan to promote American exports. The National Export Initiative (NEI) outlines ways the U.S. government can expand efforts to help U.S. businesses win more foreign government contracts, find buyers worldwide, participate in more trade missions and trade shows, receive more export financing, and learn new ways to sell products and services overseas. A central focus of the plan is providing additional assistance to small and medium-sized businesses, which are major drivers of new job creation. The construction market in the U.S. has faced substantial difficulties, with the housing sector being at the center of the recent financial crisis. However, increasing interest in sustainability, supported by a number of new government initiatives, is leading to an increase in green construction projects. National policies to improve energy efficiency can reduce oil imports, improve the reliability of the U.S. electric grid, save consumers money, reduce air pollution, create jobs, and reduce prices. Federal agencies like the U.S. Department of Energy (DOE) and Environmental Protection Agency (EPA) provide essential nationwide energy efficiency programs, like the labeling program ENERGY STAR and the data gathering work at the Energy Information Administration. The future of the U.S. construction market is increasingly green.

Foreign policy

The U.S. is one of the five permanent members of the Security Council's together with China, France, Russia and United Kingdom. The terrorist attacks of September 11th, 2001 had a momentous impact as the country continued to re-define its role as the world's only superpower. In October 2001, the US led a military campaign in Afghanistan which unseated the Taliban regime. However, the man thought to have inspired the 9/11 attacks, Al-Qaeda leader Osama Bin Laden escaped the operation and eluded the US until 2011, when killed in a US Special Forces operation in Pakistan. In March 2003 Washington initiated military action in Iraq which led to the toppling of the Iraqi leader Saddam Hussein. It is essential to remember that China's rise strengthens America's economy and future prosperity. Trade with China, America's third-largest export market and the leading market for U.S. agricultural products, has helped America's recovery from the global financial crisis. By successfully negotiating a bilateral U.S.-China free trade agreement and supporting China's membership in the Trans-Pacific Partnership, the regional free trade area of the Asian Pacific, the U.S. will stimulate unprecedented levels of international trade and investment. These agreements will eliminate tariff and non-tariff trade barriers to American goods and services, achieve far greater transparency in China's regulatory practices, and enable the United States to benefit from the economic dynamism of Asia-the new "engine" of global growth. Improving relations between Washington and Beijing will not only spur American prosperity. It will also strengthen the advocates of human rights and democracy within China while advancing the core foreign policy objective of promoting American political values overseas. US foreign policy has often mixed the idealism of its “mission” to spread democracy with the pursuit of national self-interest. Given America’s leading role on the international stage, its foreign policy aims and actions are likely to remain the subject of heated debate and criticism, as well as praise.

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Globalisation and the WTO

In 1948 there entered into force of the General Agreement on Tariffs and Trade (GATT), one of the products of a remarkably fruitful post-war period of international institution-building. The GATT had its intellectual roots in a bilateral Anglo-French trade liberalising treaty, signed in 1860 (the Cobden/Chevalier Treaty). Other influences included the 1947 Marshall Plan, which required partial trade liberalisation, and pre-War experience of protectionist trade policies which turned out to have devastating economic consequences.

Between 1948 and 1994 there were eight rounds of multilateral trade liberalisation and rule-making within the framework of the GATT. These culminated in the Uruguay Round, which brought the World Trade Organisation (WTO) into being on 1 January 1995. (A "round" is essentially a multi-party negotiation, covering several topics/trade issues. Rounds can last for years: the Uruguay Round took eight years from formal launch to its concluding conference in Marrakesh.)

These eight rounds have brought average import duties down to their lowest level ever, and have created 500 pages of rules governing international trade, backed up by a sophisticated dispute settlement mechanism. The rules have greatly reduced non-tariff barriers and made it harder for governments to resort to protectionism. The Uruguay Round also ushered in freer trade in certain service sectors.

Trade liberalisation has been helped by an expansion in the number of parties to the GATT after 1948 and in the membership of the WTO since 1995. Acceding to the GATT/WTO has a liberalising effect; it requires applicants to bring their trade rules into conformity with GATT/WTO rules and to lower barriers to existing members' exports, in return for freer access to their markets. Chinese accession to the WTO in 2001, after 17 years of negotiation, has had as dramatic an impact on global trade as some GATT negotiating rounds.

Trade in Goods

Trade in goods grew at an average annual rate of 7.8% in the 50s, 8.2% in the 60s, 5.2% in the 70s, 4.1% in the 80s, 6.2% in the 90s, and 5.5% in the 00s.

Average import duties on industrial products in the West (including Japan, Australia and New Zealand) are now under 4%. These very low averages conceal higher duties, known as peaks, on industrial products that Western governments regard as sensitive, i.e. in sectors where Western governments feel obliged to extend some measure of protection to domestic producers. In the EU's case, these sectors include textiles and clothing, footwear, motor vehicles, and certain consumer electronic lines.

For agricultural products average Western tariffs and peaks are considerably higher: Japan taxes imported rice at 800%! Restrictions on imports through quotas and tariff escalation are also common in agricultural sectors. (Tariff escalation is a tendency to tax semi-processed products more highly than unprocessed products, and processed products more highly than semi-processed products.)

The emerging economies tend to have higher average tariffs on manufactured goods than Western countries. These high rates can be a relic of infant industry protection policies.

The least developed countries (LDCs) also tend to have high average rates. Many of them depend on import duties as a hard-to-evade source of government revenue. LDCs are also dependent on preferential (mostly duty-free) access to Western markets; often this is the only thing that gives their exports a competitive edge over exports from more advanced developing countries.

Trade in Services

Services liberalisation has taken place on a request-and-offer basis through negotiation. There are four ways, four "modes" in the jargon, in which the WTO's General Agreement on Trade in Services (GATS) envisages liberalisation taking effect. Cross-border delivery and establishing a commercial presence are the two most common modes. A third mode provides for the movement of labour to deliver services; some developing countries, notably India, are aggrieved that this form of liberalisation attracted very few offers in the Uruguay Round.

The services sectors in which the greatest degree of global liberalisation has taken place include telecommunications, finance, accountancy, and tourism. In the Uruguay Round there was a tendency for Western countries to press developing countries to open up their services markets as a quid pro quo for the West reducing barriers to manufactured imports. It can be argued, however, that unreciprocated liberalisation in service sectors is good: liberalisation can attract foreign direct investment.

GATT/WTO Rules

International trade is underpinned by a hefty book of rules. At the core of these are the 1948 GATT and the 1994 GATS. Other important agreements cover fields such as dispute settlement, agriculture, dumping, subsidies and government procurement. All of these agreements are legally binding, that is to say that they amount to commitments under international law that are actionable if states fail to comply with them.

Two key principles at the heart of these rules are Most Favoured Nation (MFN) and National Treatment.

MFN requires a GATT party to extend equal treatment to all its trading partners as long as they also are parties to the GATT; preferential access granted to least developed countries is an exception that has been approved by GATT parties. The preferential terms on which parties to regional trading arrangements or so-called "free trade agreements" trade with one another are, in most cases, still awaiting approval.

National Treatment requires parties to treat imported goods no less favourably than domestically-produced goods, especially in respect of domestic taxation. In other words it would be a serious breach of the GATT to impose one rate of VAT on domestically produced bicycles, for instance, and a higher rate on imported bicycles.

The broad thrust of these rules is liberal. But there are exceptions. The anti-dumping provisions, for instance, allow governments to impose special duties on imports if it is shown that these have been priced below the cost of production. The safeguards provisions allow governments to act to halt a surge in imports that may damage domestic production. The technical standards provisions allow governments to deny access to goods that do not meet consumer safety standards or environmental protection standards. The TRIPS provides protection for holders of patents and copyrights. And so on.

In addition WTO rules are riddled with special provisions to benefit developing countries. Collectively these provisions are known as Special and Differential Treatment.

WTO Institutional Arrangements

The WTO Secretariat: This has grown dramatically over the years, from well under 100 officials and support staff in the 1950s to under 400 when the GATT became the WTO to some 640 now. Economists and lawyers predominate. These officials are generally of high calibre, among the highest in the international institutional system. They produce records of discussions between member government representatives, analyse issues on behalf of member governments, and report at intervals on the degree to which members are honouring their commitments. They service the dispute settlement mechanism and the accession process. And they provide rules-related training and other assistance to developing countries.

What they do not do is propose new measures. The WTO, unlike the economic pillar of the European Union, for instance, is a "member-driven organisation", an organisation in which the power of initiation rests with the member governments. However, by tradition the GATT/WTO director-general tries to broker agreements when negotiations are at an impasse.

The intergovernmental machinery: The web of councils, committees and working groups, in which member representatives meet for discussion, has grown ever more elaborate with the passage of time. Some of these bodies meet more often than others. Some only meet to discuss the implementation of existing agreements; some also serve as negotiating bodies within the Doha negotiating round.

The members of the WTO currently number 157. All the larger economies are on board apart from Iran, Syria, Algeria, Iraq and Kazakhstan. In the Uruguay Round the great powers, so to speak, were the US, the EU and Japan. Together with Canada they formed the Quad, a restricted inner core that determined the essential outlines of the round's outcome. In the Doha Round additional great powers have emerged: China, India and Brazil.

The Dispute Settlement Body (DSB): The degree to which the rules are abused would have been much greater, were it not for the very effective dispute settlement mechanism that emerged from the Uruguay Round. This mechanism is centred on the Dispute Settlement Body (DSB).

Disputes arise when one member suspects another of failing to comply with the provisions of a WTO agreement. When a complaint is brought by a member, the DSB appoints a panel of three "neutrals" to adjudge the complaint. Panellists study written submissions from the parties and hold oral hearings. They receive advice from secretariat officials, who are usually the most expert at interpreting the rules. In due course they report their findings to the DSB. A panel's findings can be appealed by either party; this results in a case being considered by a member of the Appellate Body.

Panel and Appellate Body costs are born by the WTO, but litigants have to bear their own legal costs. These can be high, so a Legal Advisory Centre has been set up outside the WTO to provide high-quality, but low-cost legal advice and litigation support to developing and especially least-developed countries.

Usually, losing parties provide redress by bringing offending rules or practices into conformity. In some cases, though, they prefer to offer compensation, which is permissible, subject to negotiation. Major cases to date include EU banana import restrictions, Airbus/Boeing production subsidies, US hormone-treated beef exports to the EU, US Foreign Sales Corporation tax concessions, and Indian balance of payments restrictions.

The Doha Round

Since 2001 a further trade-liberalising round has been underway. It was launched at a ministerial conference in Doha. The talk on 9 October will, in part, focus on this multilateral negotiation and why an outcome has proved elusive..

Further reading:

A Splendid Exchange: How Trade Shaped the World, William Bernstein, Atlantic Books, 2008
The Doha Round: "Death-Defying Agenda" or "Don't Do It Again", Stuart Harbinson, www.ecipe.org , October 2009.
Why Globalisation Works, Martin Wolf, Yale University Press, 2004.
The Results of the Uruguay Round of Multilateral Trade Negotiations, GATT Secretariat, 1994.

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