

## **ABCI XX SYMPOSIUM - TRANSCRIPTION DAY 1**

### **\*\*\* OPENING REMARKS \*\*\***

>> **ALUÍSIO DE LIMA CAMPOS:** Good morning, good afternoon, good evening, depending on where you are joining us from. This is a very special day. By the way, I am Aluisio de Lima-Campos, chair of the ABCI Institute, and I would like to welcome you all to this very special event, which is a celebration of ABCI's 20th anniversary, which is something that, you know, we don't believe every time thinking it looks like yesterday that we started all this. But as you will see throughout the event, we'll have some people joining us with the congratulations and so on. So I'm not going to take too much of your time. I am just going to thank our sponsors that you see here in the left corner: Arnold & Porter, Vera Kanas Law and Carla Junqueira Associates. I would like to ask my dear colleague -- by the way, the ABCI is making its 20th anniversary and it's our 15th partnership anniversary with American University Washington College of Law of which I had the pleasure of having a very close relationship with Padideh Ala'i who is joining us here and I would like to give her the floor now.

>> **PADIDEH ALA'I:** Thank you so much, Aluisio, and welcome everyone. I have to say that, first of all, I want to congratulate ABCI, we have lot of partnership with not only ABCI Institute but the people. I want to thank Sergio and the others who have been working together, for bringing these important issues to point of discussion. We are living in a world that is becoming quite unpredictable. And I think we are going to discuss this. I mean, I applaud ABCI and its formation and what it demonstrates, its vision, 20 years ago, but it is even more important today. We also have this Trade, Investment and Development Program here at the law school. And I think that, it is just the extension of its mandate. But now the fragmentation of the world, I want to say the impending presidency of President Trump, president-elect, who has basically said, quoted as saying tariff is the best word in the dictionary. We are looking forward to having this kind of forum becoming increasingly important as we try to remind ourselves the relationship between trade and peace and why we set up some of the multilateral institutions to begin with out of the ashes of World War II. It seems like it needs repetition and, of course, the big problems of the world is facing. I think at American University, in particularly, we are looking at the connection between both emerging technologies and the problems of climate, two areas I think are very much entangled with the world of trade in ways we didn't have it before. So thank you, Aluisio and I look forward to learning from all of you and continuing to do more together and maybe some also future events we can have together in person in Washington. Is it appropriate for me to introduce the ambassador at this point?

>> **ALUÍSIO DE LIMA CAMPOS:** yes

>> **PADIDEH ALA'I:** I would like to introduce and thank the Brazilian embassy. We have always had this partnership with them. In the old days pre-COVID we had the good fortune to be in the ambassador's residence as part of this conference. Ambassador Maria Luiza Viotti is the Brazilian ambassador to the United States of America. She was the permanent representant of Brazil at the United Nations 2007-2013. Ambassador of Brazil to Germany 2013-2016 and she was the staff of the United Nations Secretary General 2017-2021. And so ... I believe there is a video from her that we are going to hear now.

### **\*\*\* BRAZILIAN AMB MARIA LUIZA VIOTTI VIDEO \*\*\***

>> **BRAZILIAN AMB MARIA LUIZA VIOTTI:** Ms Padideh Ala'i, professor of Law at the American University, Mr Aluisio de Lima Campos, ABCI chairman, ladies and gentlemen, it is an honor to join you today as we celebrate the 20th anniversary of the ABCI Institute. Over the past two decades, the Institute has played a pivotal role in fostering dialogue research and education in the field of international trade. This milestone is a testament to its relevance and the dedication of its members. Today's topic, the International Trade System on a Tightrope reflects the current challenges and uncertainties faced by the global trade system, a system that has been a backbone of global prosperity for over seven decades. The multilateral trade system consolidated in the aftermath of the Second World War was instrumental in creating a rules-based framework for international transactions. The establishment of the General Agreement on Tariffs and Trade GATT, and WTO provided mechanisms that foster economic growth, reduced poverty and integrated developing nations into the global economy. These structures encouraged transparency and predictability, key elements in enabling business and nations to thrive. At the same time, the global trade landscape has evolved significantly over the last years. The proliferation of global value chains, the exponential growth of digital trade, and the urgent need to address climate change have added layers of complexity to the trading system. These new realities have exposed limitations of the WTO's framework, which remains largely rooted in the realities of the 1990s. The paralysis of the WTO dispute settlement mechanism and the inability of the organization to achieve consensus on critical new agreements have limited its contribution to the world order. As multilateral solutions falter, unilateral measures have proliferated creating the fragmented and unpredictable environment that risks undermining the core principles of fairness and inclusivity in global trade. For Brazil, a country deeply integrated into the global trading system, a strong and functional multilateral framework is not just desirable, it is essential. Brazil has long been a champion of multilateralism, actively participating in negotiations and relying on the WTO dispute resolution mechanisms to address trade disputes. Our commitment to multilateralism does not imply resistance to change. On the contrary. We recognize the pressing need to address emergency issues such as digital trade, the interplay between trade and environmental sustainability and the intersection of trade and national security. However, we firmly believe that these challenges must be tackled through inclusive, multilateral frameworks that ensure broad representation rather than unilateral actions or agreements restricted to selected groups of countries. Addressing the link between trade and environmental sustainability is particularly urgent. Unilateral measures to restrict imports based on narrowly defined methodology which failed to account for the complexities of global production processes raise legitimate concerns. Similarly, while reindustrialization is a shared aspiration for many nations, unconventional measures to limit competition, threaten the principles of fair trade and could destabilize the global trade environment. Despite the challenges, we must also consider the opportunities presented by this transformative period. The global transition to a low-carbon economy remains -- represents one of the most significant shifts in modern history with profound implications for trade, innovation, and investment. Brazil is uniquely positioned to lead this industry transition. Over 90% of our electricity is generated from renewable sources in a fair (...) figure among major economies. This renewable energy foundation combined with our vast potential for producing clean hydrogen sustainable biofuels and renewable energies solar and wind power position Brazil as a key player in the global push towards decarbonization. Advancements in technology also offer significant opportunities, artificial intelligence, semiconductor technology and innovation in data infrastructure are reshaping global trade. Brazil is actively fostering investments in these sectors, particularly in the development in data centers and smart manufacturing ensuring our effectiveness in the digital economy. As the world largest economy, and a leader in innovation, the United States plays a pivotal role in this context and

Brazil is ready to deepen and expand bilateral trade relations. The United States remains Brazil's second largest trading partner and leading destination for our exports of manufactured and semi-manufactured goods. Between January and September this year bilateral trade grew over 8% compared to the same period last year. In contrast with 3.8% increase in Brazil's trade with the world in the same period. Bilateral trade is projected to exceed \$80 billion this year, reaching the second highest value in the historical series. Key exports include high value-added segments, aircraft, engines, telecommunications equipment, pharmaceuticals and medical devices. Additionally, the U.S. is Brazil's largest source of foreign investment with over than \$240 billion of stock recorded in 2022. Approximately a quarter of all foreign direct investment in Brazil. Our countries also have robust institutional frameworks for cooperation that help us navigate challenges. The U.S.-Brazil commercial dialogue has become a cornerstone of this relationship. It recently held its 22nd edition highlighting the exceptional technical work carried out in areas such as trade facilitation, good regulatory practices, digital economy, intellectual property and metrology. The Agreement on Trade and Economic Cooperation (ATEC) signed in 2011 remains a vital platform for collaboration. The updated protocols negotiated during the first Trump administration and implemented under the Biden administration have expanded the scope of our cooperation. In the energy sector, the U.S.-Brazil Energy Forum launched in 2019 has been a key mechanism for this bilateral cooperation. We also benefit from a highly engaged private sector. The Brazilian-U.S. (...) Forum approaching its 13th edition continues to provide valuable recommendations for stronger trade and investment relations and both governments remain committed to implementation. Additionally, the Clean Energy Industry Dialogue launched in August 2022 as part of the Energy Forum reflects the close coordination between our renewable energy sector. As we celebrate these achievements, we must also confront the broader challenges facing the International Trade System. The current moment demands not just reflection, but commitment and action. Rules that are being questioned cannot be abandoned without a clear and inclusive process to replace them. Brazil remains steadfast in its beliefs in the strength of multilateralism. We are committed to work with our partners around the world to reform and modernize the International Trade System, ensuring it to remain fair, inclusive and adaptable to the realities of the 21st century. The subject of this seminar is both a warning and an opportunity. The tightrope we walk requires balance, vision and cooperation. I thank you.

**\*\*\* FIRST PANEL: DMITRY GROZUBINSKI \*\*\***

>> **ALUÍSIO DE LIMA CAMPOS:** Thank you, Ambassador. It was a great introduction. And I would like to pass the floor to our board member Vera Kanas, who will moderate our first panel today. Thank you.

>> **VERA KANAS:** Thank you, Aluisio. Good morning, good afternoon, good evening everyone. My name is Vera Kanas, lawyer in international trade for more than 20 years and current member of the board of the ABCI Institute. After the opening remarks I have the honor of moderating the first panel, which has the suggestive name of Truth and Lies About Trade. For this task we invited Dmitry Grozoubinski, executive director of the Geneva Trade Platform. Dmitry holds a Bachelor of Arts in Political Science at the University of Melbourne and a Master of Diplomacy in the graduate school at Monash University. Because of this, as an Australian diplomat and trade negotiator, including for three years in the permanent mission of the World Trade Organization where he worked on a range of issues, including Agriculture Aid for Trade, Services and Facilitation. He is the author of the very recent book "Why Politicians Lie About Trade and What You Need to Know About It." As you can see, I have the privilege of interviewing one of the most well-positioned individuals to talk about truth and lies about trade. In the first part of the book, Dmitry presents

several concepts involving international trade policy in a nice and casual manner, maybe targeting an audience that is public in general, not necessarily experts. In the second part Dmitry deals with the intersection between trade policy and legitimate concerns of the global society such as job creation, climate change and my favorite, national security. I confess I missed a deeper look at the Trade and Environmental discussion but, no doubt the book is engaging and is easy to follow. We know many questions will arise so we invite Dmitry to speak about these interesting subject and we will start with questions. Please send questions by the Q&A. Dmitry will have the floor.

>> **DMITRY GROZUBINSKI:** Thank you so much, Vera. Such a pleasure to be here and a huge congratulations on the 20th anniversary. We are here to celebrate. Let me begin by apologizing in advance. There is a large storm breaking over my house in Geneva as well as I guess in the trade policy globally. So if I dropout for a moment, it is not out of existential horror, but due to an internet fault and I will rejoin as quickly as I can. I don't want to speak over long looking at the list of participants who have joined us. I see a number of names that I recognize, all of whom are far more qualified to be up here than I, so I will try to speak as briefly as I possibly can and hope to hear from many of you. It is a really interesting time to be in trade policy, and that's not necessarily a good thing. I think most of us would quietly prefer that trade not be in the headlines in its current form. There is a quote from someone who said there has never been a more important time to be good at this and I very firmly believe that's where we are now as a policy community. As those of us who sit either at the intersection of policy and research within research or within policy. And frankly, those who have a stake in how international trade is governed. This is simply a critical time for us to ensure that the way that we are thinking, the way that we are speaking, and the way we are engaging with a public that has woken up to what we do is as clear and as fact-based as it possibly can be. It is a lot of things that are changing. I think if I were to try to capture what is happening, I push back on a lot of the kind of metaframing that goes on, not necessarily because I don't think it is accurate, but because I'm not sure it is entirely helpful and properly capturing this idea of are we experiencing a move towards protectionism, for example? As a framing I constantly hear. I personally don't like to get involved in that discussion because the way I visualize it is as the swinging of a pendulum between priorities. So much of our current system we have known for decades is really based on a policy preference. A policy preference for stability and predictability which encourages investment, lowers prices for consumers, and at least in theory encouraging a more efficient distribution of where we make goods and services and how we connect those goods and services with those that want to buy them. But that is a policy tradeoff against other priorities. The things you can theoretically achieve by putting the government between buyers and sellers in more and different ways. By doing the things that governments want to do at the border or with their visa regime or investment regime, whether those be motivated by national security, concern for the environment, a desire to win a few more electoral votes in Pennsylvania, whatever those priorities are, the system was built on a certain balance between handing over the ability to make those choices in exchange for the predictability of knowing that everyone else has, too. And there are mechanisms in place to resolve disputes about where you think others are not living up to those commitments. I think it is clear not just in the U.S., but in a number of key capitals around the world that the pendulum has swung away from that calculation. Not perhaps all the way and to varying degrees in different capitals, but it is clear that there are priorities that capitals from Washington to Brussels to Tokyo and Beijing are now weighing over increased predictability and increased attitude for long-term investment. What that, I think, means for all of us and what it means for us as those in kind of this system is that there will now be a lot more choices facing leaders and, therefore, the public that interprets how their leaders serve them. Because this kind of commitment to investment certitude and the rules created to underpin it is weakening, there

are a lot more potential things that governments can do. And that means a lot more choices. There are choices about objectives. What do we want our trade policies to achieve? And exactly how far we want to go in that sort of aim. Are we, you know, from a national security standpoint, are we aiming to dominate several key industries of the future or are we aiming to transform our economy into one that is ready to fight grinding world war-style production warfare? That is a choice about what we want to achieve and how far we want to go to get it. There are a million choices about how we design these measures. Whether we prioritize transparency over business flow, whether we think about exceptions for developing countries or operate on a purely firm level basis. Whether we rely on our own due diligence or create a system where countries self-certify. A million choices from the font of the forms to whether we recognize others' regimes equivalent to our own. Others have choices about how they will react to the things that we do and the policies that we pursue. And we have choices about how we are going to react to those reactions. Do we up the ante? Do we come to a negotiation? Do we settle with a tit for tat? All of these are choices that leaders are going to be confronted with. Leaders that in many cases do not have a lot of experience confronting these kind of choices as the table and what is on it has grown. And will be making these choices in front of a public that has not had to think about these choices in a long time within a media ecosystem that is not used to reporting on choices like this in an informed way. Journalists, frankly, that have not had to cover trade apart from once every couple of years at a ministerial conference or protest over TPP. We have to engage in incredibly detailed and counterintuitive topics. So I think for those of us in the policy community and sort of certainly the motivation for my tiny contribution to this space, which is the work I do and the book that I wrote, the onus is on us to, on the one hand, help inform these choices, but I think equally help explain them. Help explain they are choices. There are no choices that are free. In trade you are always trading off one set of interests against another, one set of stakeholders against a different set. And I think in doing so, we have to get out of a habit that I think we fell into over years of a predictable trading system that was generally supported by everyone. In assuming that we can simply posit as postulate the overall meta desirability of that predictability as an end goal in and of itself that requires limited further justification. The predictability, investor certitude, rules-based trade is now perhaps it always was, but is now really just another choice facing governments. Whether that is where they move their chips or whether they move them somewhere else. I want to finish and hand it back to you, Dr. Kanas going back to something the ambassador just said in that video. I'm paraphrasing here, but she said the rules cannot be replaced without an inclusive process to design what will replace them. I very much agree with that sentiment, but I worry she's not right. I think there is a chance that the rules, they cannot be replaced with new rules, but they can be replaced with a new order and there are no guarantees that order is inclusive or fair. And the option to go back to the bilateral power politics that we've been moving away from for decades is on the table and it is very real and we have to accept that it is attractive. And not something you could wish out of existence or postulate as undesirable and have that be the end of the conversation.

>> **VERA KANAS:** Thank you. Thank you, Dmitry, thank you very much. I simply love this debate. And I'd like to make for you a first simple question. If you can tell us why you chose the name why Politicians Lie About Trade? And then this is the very first question and then we have other questions.

>> **DMITRY GROZUBINSKI:** So my original title for the book was called Sorry, Trade Matters, because I spent so much of the book apologizing to normal people that trade is now a big part of their head space. My publisher felt very strongly that I would sell even fewer books if I did not go with something more attention grabbing. It is a little bit of a gimmick, I will be the first one to

confess. For those of you who have had a chance to leaf through it, you will see it is not sort of a laundry list with every twitter fight I have had with a politician over the last four years and why I think they were lying. But I did choose that title because I think it is important to explain to people why so much of what they hear in the public discourse about trade is misleading and wrong. And a lot of those reasons come down to the fact that it is counterintuitive and that it is one of those areas of policy where it is incredibly easy to present real choices as not being choices at all.

>> **VERA KANAS:** Yeah. Thank you. I would like to ask if someone from the board has questions. Okay. Sergio, go ahead.

>> **SERGIO GOLDBAUM:** Dmitry, your book is very well written and I have many questions, but I don't want to monopolize the discussion. I will make one question for myself and another one that someone else wrote in the Q&A button but I invited all the audience to participate. I ask you for a very short answer as possible so more people can participate. My question is about your chapter 12, about trade and jobs. You mentioned the lies politicians tell to justify trade agreements. Now the elected President Trump is vowing to increase tariffs to create jobs in America? Is he lying to us? Is he lying to himself? Or is he telling the truth? This is the first question. And also the question from the audience, it's an interesting question. I will read it and try to explain. The question is why does Samuel Huntington's *The Clash for Civilization* exclude Latin America from the West. Maybe Huntington didn't listen to a Brazilian song about Latin American situation, called "Para Lennon e McCartney" (For Lennon and McCartney). So I would like to hear from you what kind of lies politicians tell about trade with developing countries like Brazil. So, two questions, please.

>> **DMITRY GROZUBINSKI:** Sure. I will be as concise as possible. I can't pretend to know what is in President-elect Trump head and whether he sort of genuinely believes what he is saying or not, but what jumps out at me is the lie he tells most consistently is again there is no choice here. The case that he is making is sort of twofold. That there is a lot of revenue to be raised by applying tariffs. And that there are a lot of jobs to be created in the U.S. by putting high tariffs up, making it harder to import in the U.S. so the U.S. manufacturing has to stand up to pick up the slack. Now, to an extent there are nuggets of truth in both. It is -- but they are somewhat contradictory. You can apply, you can raise some government revenue through tariffs, many countries do it, but in order to do that, people still have to be exporting things to you. So the tariffs have to be low enough that people are still sending you goods and then you, as a government, can skim off the top a little bit. If that is happening, then by definition, those imports are still coming, which means you are probably not encouraging a huge amount of production in the U.S. to replace them. As soon as you are encouraging production in the U.S. to replace them, that means the tariffs are so high people can't send you anything so you are not collecting any revenue. So immediately he is presenting that kind of false choice. I also think he is being really disingenuous of people about just he is talking about and who will pay the price. A very small percentage of adult American work in manufacturing where is a 100% of Americans are impacted by prices they pay at supermarkets. This is a question of taxing everyone in the country in order to provide an advantage to a very, very small percentage of the population and he is skipping over that. And very frankly, he is skipping over a lot of the other consequences. So I think the key point to make there is it is not necessarily like is he flat-out lying. The question is is he presenting the American public with a realistic goal and a path to get there that is fair and accurate. And I personally don't think he is. On to your second question. Without getting into Samuel Huntington's kind of -- I don't know what the politest way to say this about a Titan of U.S. policy, but he often has a rather broad brush when he is painting outside of his own country. And if you look at the way he sort of groups countries, model of what is the Islamic world? And you are kind of like, well, probably Iran and Saudi Arabia

might somewhat disagree being painted in the same brush. I think all of these kind of media analysis tend to earnest happens, you know, to your broader question of how we look at developing countries, there is, I think, a tendency, both on his part and more broadly to do a kind of noble savage infantilizing which is incredibly unhelpful and inaccurate when it comes to ancient cultures that are very, very sophisticated policy makers. I have never met a Brazilian diplomat who was not five times more qualified than I am. It is slightly embarrassing. I would say that one area where there is confusion and misconceptions about developing countries is environment and trade. There is, again, almost infant infantilizing sort of, I don't know, Pocahontas avatar-style perception that the debate is developing countries who demand environmental measures so we could all go back to nature and developed countries that want to strip mine the planet, when, in fact, the debate in actual trade policy is so much more about developing countries wary of having environmental provisions and to a lesser extent labor provisions, weaponized against them. To have the detail of policies with aspirational titles like climate change, environment, or labor, turned into tools of exclusion for products that may well meet criteria, but can't prove it. Or can't meet the costs of certifying themselves. So those are my few questions. I will be quicker on the next ones. I promise.

>> **VERA KANAS:** Yeah. Thank you. Okay. Dmitry, we have another question from the audience from a professor Vera Thorstensen. She is our friend from here at the Institute. What is going to happen with WTO in the near future? And is the U.S. planning to get out of the WTO? What are your views on that?

>> **DMITRY GROZUBINSKI:** I suspect it is not. I suspect if the U.S. was planning to actually leave the WTO, that would be a -- that would have been a bigger plank on the Trump stump speech. The U.S. has the option of simply withdrawing its funding from the WTO, which would be virtually fatal to the organization. They always have that option. What I suspect you will see and there is a complete withdrawal effectively of the U.S. from the negotiating function of the WTO, which very few will notice the difference to be completely honest, given how things have been going in the last few years. Dispute settlement is going to be very, very limited as far as the U.S. is concerned. They will make it clear they don't see the panel process as a useful contribution to resolving disputes the way other states do, leaving it for the short term, they would prefer to skip to bilateral negotiation. The best-case scenario is that the regular committee process so-called monitoring process becomes, a useful, remains a useful tool to address some of the finer points of policy. Areas where implementation or the design of big policies, whether it is the IRA or CBAM is causing frictions that the framers never intended. It simply -- this classic case of, you know, Brazil produces cattle in a way the EU never thought about when it was drawing up its certain legislation. This kind of scenario, the WTO is really well set up to do. I think the WTO will continue to play a role for other member states when they are not dealing with the U.S. as it did, for example, with Australia and China in providing a path to resolving the disputes over wheat and wine.

>> **VERA KANAS:** Yeah. Thank you. Dmitry, if you can, in one minute, your view, your last words about the main trends in terms of trade policy for the near future. Also considering Latin America and Brazil. You love a challenge.

>> **DMITRY GROZUBINSKI:** Yeah, I mean, I think the absolute biggest trend apart from this sort of whatever is going to happen with Trump protectionism, the absolute biggest trend is going to be managing the compliance part of big new regulations and sanctions. The CBAM compliance rate is currently somewhere at 7%. Absolutely no one can meet half of the requirements. [The] Deforestation [Act] has been delayed. The sort of transparency rules the EU is putting down are very, very hard to comply with. So by far -- and this is just the tip of the iceberg. There is so much

more coming from every side. So the biggest question, I think in the short term is how do you prove it? There are new rules coming. How do you prove you comply? And how do we resolve the challenges, especially for smaller businesses, especially in places like Latin America, which have the capacity to meet a lot of these, but will have a harder time proving their compliance than their competitors in say Europe with a Makenzie office around the corner. That is the biggest trend that doesn't get talk about as much as the very tanned elephant in the room.

>> **VERA KANAS:** Thank you. We could stay here the entire year, but unfortunately we have to finish now our panel. Thank you very, very much for your insights. They are certainly helpful for all of us to navigate in this, how can I say, dangerous sea of national trade policy. Thank you very much. I would like to thank everyone for the participation, for the questions. Please continue to send us more questions. And now I turn to Sergio Goldbaum and the next panel.

**\*\*\* CONGRATULATORY VIDEO \*\*\***

>> **SERGIO GOLDBAUM:** Thank you very much. First of all, I invite Dmitry to stay with us for the next panel. We have many other questions to ask Dmitry and I hope we will have another opportunity to do that. I will pass the floor to Aluisio because it is the 20th anniversary of the Symposium and I think he has something to say about that before starting professor Uri Dadush panel.

>> **ALUÍSIO DE LIMA CAMPOS:** Thank you, Sergio. I would like now to ask you to watch a very short video regarding complement that were sent to ABCI for its 20th anniversary. With your patience we will exhibit that video now. Go ahead.

>> **TATIANA PRAZERES:** Hi, everyone. I'm Tatiana Prazeres, Foreign Trade Secretary at the Ministry of Development, Industry and Trade and Services of Brazil. Very happy to record this message to ABCI, to congratulate the Institute for its 20th anniversary. By the way, this 20th anniversary comes at a very interesting time in terms of trade policy, international trade, challenging times I would say and that only reinforces the importance of the work done by the Institute, the work of analysis, studies, discussions in a very important trade policy community. So all the best for the next 20 years ahead. Congratulations on all the good work that has been done so far.

>> **PADIDEH ALA'I:** Greetings. On behalf of American University Washington College of Law and myself, Padideh Ala'i, professor of Law at the International Programs at the American University Washington College of Law. I congratulate ABCI on its 20th anniversary. We have had a wonderful collaboration with ABCI for the past 15 plus years and we look forward to many more. Our yearly International Trade Symposiums have been one of the highlights of our year and I know we will continue to work together. Congratulations and looking forward to working together in the future.

>> **ANABEL GONZALES:** Hello. I'm Anabel Gonzales, a member of the ABCI network. I want to send my warmest congratulations to ABCI Institute for 20 years of remarkable services.

>> **JESSE KREIER:** Hello, my name is Jesse Kreier and I'm an adjunct professor at American University Washington College of Law and Georgetown University, a former WTO official and a proud member of the ABCI Institute. I would like to wish the Institute a very happy 20th anniversary.

>> **SIMON LESTER:** Hi everyone. I'm Simon Lester, from WorldTradeLaw.net and China Trade Monitor. I want to wish everyone in the ABCI network congratulations and happy anniversary on the first 20 years and here is to another 20 good ones.



>> **ROBERT KOOPMAN:** Hi. I'm Bob Koopman. I am a Hearst senior professorial lecture in the Department of Politics, government and Economics in the School of International Service at American University and former chief economist at the World Trade Organization. I would like to wish ABCI a happy 20th anniversary and express my appreciation for the great contributions they make to the discussions around trade and trade policy and bringing a very important Brazilian perspective and lots of Brazilian experts to that discussion. Congratulations on your 20th anniversary.

>> **EMILY REES:** Hello. My name is Emily Rees, president and CEO of CropLife International and it is my absolute honor and pleasure to wish the ABCI Network a very happy anniversary. Twenty years is a milestone and it is my honor to be here with you. Congratulations.

>> **VERA THORSTENSEN:** I would like to congratulate Aluisio de Lima-Campos for his excellent work with ABCI Institute and to invite him to a new challenge, that is to study the impacts of geoeconomics on trade and investment and how this geoeconomics is impacting developing countries like Brazil. Congratulations.

>> **VICTOR DO PRADO:** Hello. I'm Victor do Prado, I am a senior fellow at the Brazilian Center for International Relations (CEBRI) and I also teach geoeconomics and diplomacy at the Paris School of International Affairs - Sciences-Po here in Paris. I want to join you all in celebrating the 20th anniversary of ABCI and congratulate Aluisio de Lima-Campos, the board of the ABCI and the whole network for this 20th anniversary. Pretty glad to see how ABCI continues to thrive and grow. Happy anniversary ABCI. Bye.

>> **CARLA JUNQUEIRA:** Hello. I am the founding partner of CGA trade law. I joined ABCI a year ago because it is a platform of high level trade discussions. Congratulations ABCI for 20 years of success.

>> **GREG HARRINGTON:** Aluisio, Greg Harrington from Arnold and Porter. Congratulations to you, ABCI and your first 20 years. More things to come.

>> **VERA KANAS:** I am Vera Kanas and I would like to congratulate ABCI Institute and Aluisio de Lima-Campos for the anniversary of the Institute. It is an honor to be a part of this history, attending, speaking, following several editions of the seminars in trade and now it is a pleasure to be participating on the board for the next two years. Ready for the next 20 years.

\*\*\* **SECOND PANEL: URI DADUSH** \*\*\*

>> **ALUÍSIO DE LIMA CAMPOS:** Thank you and I will give the floor to Sergio to go ahead to the next panel. Thank you.

>> **SERGIO GOLDBAUM:** Thank you very much, glad to see everyone here. I introduce very shortly Professor Uri Dadush and his book. Then I will make one question and it will be like a Q&A, questions and answers from me and Vera and also from the audience, which is invited to participate during the Q&A session. So, professor Uri Dadush is a research professor at University of Maryland and former director of the Trade Department at The World Bank. He has recently released a new book, *Geopolitics, Trade Blocks, and the Fragmentation of World Commerce*. Today we have the privilege of discussing the book's main ideas with the author. I read your book and I would like to make some comments before passing the floor to professor Uri. It is a very up-to-date book, mentioning the electoral dispute between Trump and Kamala - not Biden, Kamala - it is fantastic how fast the editorial industry publishes books, good books about such a recent event. I want to highlight two chapters. The first one is "Trump-Biden Trade Policy," Chapter 8,

where Professor Uri shows that contrary to what we expected at the beginning of Biden's presidency, his trade policy was quite similar to Trump's. The second one was "China's trade policy," Chapter 10, where the professor seems to be quite optimistic about China, so following him, China's gradually opening trade, intellectual property rights in China are not as bad as we could imagine. Harms from Chinese subsidies are often exaggerated so are the effects of Chinese State Own Companies and, finally, WTO existing rules can in principle deal with all of these problems. However, recent events may turn Professor Uri's book into an old book in just a few months. In particular, Trump's election for a second mandate. The last chapter of Professor Uri's book lists six main points which are the takeaways from the book. Please allow me to read them quickly. First one, the trading system is now at the tipping point. Second, so far protectionism has had only limited effects on trade policy and even less on trade outcomes. There is still time to contain the avalanche. Third, the gains from globalization which needs more and better rules to convert it are far from spent. Four, world trade is now headed toward fragmentation. Five, avoiding fragmentation depends on the actions of many, one absolute condition which is China and the United States to reach an accommodation on trade. And the last one preserve as much as the WTO as possible for as long as possible, but prepare for the continued erosion of WTO rules. I have a first motivation question. So what would you write now if you had the chance to update these six points? Please, Professor Uri.

>> **URI DADUSH:** Thanks very much, Sergio. Before I go there, I also want to congratulate the ABCI for its excellent work. I have participated from time to time and I have watched my good friend Aluisio to brilliantly over this period. And so I wanted to add to the chorus. Look, Sergio, I finished the book in June, more or less, if I remember correctly. So I was fully aware of -- and it is in the book -- of the Trump and, you know, the possibility that he would win. He was actually ahead at the time. So the simple answer to your question is I would not change the book very much because the analysis, as far as I'm concerned, of trade trends, protectionism, globalization, Et cetera, Et cetera, would not change. And even the final recommendations about how to move forward I don't think I would change those either. If I were given a couple of days, I would add a little bit on tariffs just because now it's real. I mean, it is not like it was unanticipated, but now it is looking very real. And I would add a page basically arguing that the tariffs are not in the interest of the United States, as many other people are arguing and they will do very little except hurt a lot of consumers and a lot of companies and, of course, completely damage possibly irretrievably the trading system, the WTO, as we know it. I would make that point even more strongly than it is in the book. The other update that I would make is it has become more and more evident the numbers keep adding up that the Chinese situation, the Chinese slowdown has very important structural features which have become even more evident in the last several months with attempts at stimulus, Et cetera, Et cetera. And so I would re-emphasize perhaps more, one of the basic points about present tense, which is that China is not going to be the economic threat that everybody has assumed they are going to be. The demographics of China, of course, we knew this, but what is also becoming more evident is that China is running into the limits of its model in terms of gaslight and if you look, I have the recent IMF projections for the next five years. China's growth is anticipated to be in the 3,5-4% range. Okay. If you extrapolate forward. And you know this book that I write is about the long term. It is not about the next few months. It is not even about the next two years. It is about the long term trends in the system. And if you extrapolate that, then I would emphasize more the notion that China may actually never gain a big economic advantage over the United States. United States is doing well. And especially if I put together the United States, with its allies, assuming that they stay allies, the Europeans and the Japanese. The

Chinese are just much less of an economic threat. And I would extrapolate from that there will be less of a geopolitical threat than many are assuming at the moment.

>> **VERA KANAS:** Thank you very much, professor Dadush. I have a short question for you. Is globalization finished?

>> **URI DADUSH:** Absolutely not. This is one of the basic points in my book. Let me just say, when you write a book, a long book, you are drawing on many brilliant people and I don't claim unique insights in many parts of what I wrote. But the basic message is globalization is continuing. If you look even at the last two years of data on world trade, it has continued to grow at the slightly higher rate than world GDP. I'm talking here in current exchange rate terms. And so world trade in goods is continuing to grow. World trade in services is, I believe, continuing to grow significantly faster. And but as globalization, of course, should not be limited to trading goods and services. Migration, everybody is trying very hard to stop migration. And migration is -- it continues. I mean, the last two or three years the migration into the United States has been huge. The numbers are very debated, Et cetera, but they are very, very big numbers. Into Europe there is big migration. So migration trends are very strong and we have become more and more interconnected through information. And we'll continue to be so. So where you have seen a significant slowdown in globalization is in the capital flows area, but I think that has very little to do with protectionism. It has much more to do with macroeconomic potential policies and concerns about financial stability, Et cetera. So overall, as I say in the book, globalization is persisting, but more important from a point of view of policy, is the fact that the gains for globalization are still very much to be had. The gains from globalization relate, of course, to arbitrage, the ability to buy low, sell high. And that applies in every field of every channel of globalization, whether it is migration or trade in goods or trade in services. Et cetera. And here the differences in prices and hence the opportunities that exist, we are very, very far from a globally integrated economy and the natural tendency of markets is to arbitrage and to integrate. And so this occurring at the moment and part of the reason I emphasize it in the book is to underline the fact that this remains a fundamental trend which, by the way, goes back hundreds of years. This remains a fundamental trend, a fundamental trend and the big threat to it is government policies. It is -- there's no autonomous slowdown in globalization and even the government policies of the last few years eventually had only a limited effect in stopping it so far.

>> **SERGIO GOLDBAUM:** That is -- my next question is about what you just said, your last sentence. Is trade still free and more importantly, will it keep like that in the near future?

>> **URI DADUSH:** I spent a lot of time looking at this issue. The research in the book goes back seven years even though I wrote the book in the last couple. Seven, eight years. I looked at this very, very carefully. I looked at all the different, you know, mechanisms through which you protect market, known tariff barriers, discriminatory regulations, subsidies, which have a mixed effect, Et cetera. I took as the base of comparison for my analysis which is in one of the chapters. I don't remember. I think it is chapter 3 or chapter 4. I took as the base period for my analysis, the years 2007, 2006, before the global financial crisis. My overall conclusion is despite everything that you are reading, despite some very spectacular protectionist moves such as the punitive tariffs on China under section 301. Despite all of that, my conclusion is that trade is at least as free today as it was before the global financial crisis. And part of the reason this detachment or let's say misconception is that people look only at the negative news on trade. They don't focus enough on the fact that we have had and continue to have a proliferation of trade agreements between countries, including some very big ones like RCEP [Regional Comprehensive Economic Partnership] and CPTPP [Comprehensive and Progressive Agreement for Trans-Pacific

Partnership], USMCA, basically confirms NAFTA, it is a little more protectionist, but also has some positive features. And there's a whole explosion of trade agreements, bilateral trade agreement. That's why - and the other one, which is not sufficiently focused on, which is in my chapter on China, China has had a policy of trade globalization. Which, again, they actually reduced their tariffs, as you know, which is a very different trend than has happened in Brazil or India. But they are a big trader. And now the biggest export market for most countries of the world. And China is also undertaken a number of other liberalizing measures. Which again does not really fit the narrative, especially in the United States that, you know, China is becoming more state-driven. It may be backing more state-driven, but in the actual realm of trade policy, they have undertaken a lot of liberalizing measures, including, of course, signing some big -- at least one big trade agreement and many smaller ones.

>> **VERA KANAS:** Yeah. Based on what you have just said, another question for you, are original trade agreements sufficient to assure open and predictable trade, in your view?

>> **URI DADUSH:** That is one of the points in Section 3 of my book. Which is based on an article in the World Trade Review I did with Domingos Prost, a young economist from Argentina.<sup>1</sup> So Enzo and I showed that, indeed, the preferential trend is very strong in the world. We are moving to a situation where already now I think about 2/3 of world trade is covered by bilateral or regional or megaregional trade agreements, okay? So this is fundamental because this will help maintain trade free. It is not a guarantee as we know. For example, USMCA is now under question in the Trump administration. But certainly they will help. However, the question is it enough? The answer is definitely no. If you don't have multilateral rules. If you don't have rule enforcement at the global level, you have two complications. One is well understood. It although not sufficiently. But the second one is not understood. The first complication you have is that there are no bilateral trade agreements between the EU, China and the United States. Of course, these are the three big traders. And so we risk going into a world where there is no agreement with the big powers. Even in the second part of the 19th century, the two great powers, France and Britain, they had a trade agreement between them at one point. So that's a very dangerous situation. It's essentially the heart of fragmentation scenario. But the second issue that is not well understood is if you don't have multilateral rules and you get great tensions among the great powers, then within the regional trade agreements it becomes much more difficult to remain cohesive. A good place to see this is today in the European Union, as you know, I work a lot on Europe. And within Europe, there is a fundamental disagreement now what to do about electric vehicles and between Germany and France with respect to the countervailing duties that have been imposed on China. Within USMCA, the faltering of multilateral rules may create an impossible situation between Mexico and United States. And you can go through when the global rules falter, the regional agreements themselves can become less cohesive because they are torn by divergent economic interests and very often divergent security interests. So the answer to your question is regional trade arrangements, thank you very much, very helpful, very good to have, but they are not sufficient in a multilateral, in a multilateral rules situation. You are going to have a lot of problems within the regional trade agreements.

>> **SERGIO GOLDBAUM:** Professor Uri, I have another question. Has the U.S. become a protectionist society? But wait, taking advantage of that professor Grozoubinski is with us. Do you think that the national security reasons, is this a lie in the sense that professor Dmitry says? So

---

<sup>1</sup> Dadush U, Dominguez Prost E. Preferential Trade Agreements, Geopolitics, and the Fragmentation of World Trade. World Trade Review. 2023;22(2):278-294. doi:10.1017/S1474745623000022

has the U.S. become a protectionist society? In particular, what do you think about the national security reasons they use for more protectionist moves?

>> **URI DADUSH:** I think the United States has become protectionist, but it has not become a protectionist society. So I separate here what is happening in Washington downtown within the beltway and the U.S. society at large. Protectionism, which came with Trump was confirmed by Biden and it is going to be confirmed even more my Trump 2. In the U.S. comes essentially from two main sources at the government level. One is the one you mentioned, which is the geopolitical fight with China. And if I may say, the influence of the military industrial complex, which is very difficult to discern from the noise. But let me put it this way, there's a lot of economic interest in the geopolitical division which I -- the economic interest is not in the general U.S. economy, but it is concentrated in some states and concentrated, of course, in the military complex. And the other source of protection, which you read all about, know all about is that there are very important protectionist interests in the swing states, okay? That is where the manufacturing the steel, the automotive, et cetera, particularly the unions, but not only the unions. That is where they are playing a disproportionate influence. So that is where it is coming from. In the case of the arrival of Trump on the scene again you must add the personal element. Trump is a protectionist. He is a convinced protectionist. I won't go any further than that. You can read it every day in the papers. Those are some of the forces, but to say the United States is a protectionist society is wrong. I cite many figures in the book. First of all, the American public, they don't care that much about trade, but when you ask them about trade, they are much more positive than the French or the Germans, for example. Second, the U.S. economy, when you look at the indicators, tariff revenue today, as a share of imports is about 3%. This is how a lot of stuff gets into the United States free of tax. Just walk around Washington. The service sector in the U.S. according to the OECD is significantly less protected than the OECD average, okay? Many other OECD countries are more protectionist in the service sector regulations than the United States is. The S&P500 companies derive 40% of their revenues, I think it is revenues. I think I remember revenues, 40% of the revenues outside the United States. In the case of the technology sector, it is 60% of the revenues are outside the United States. So, you know, the idea that the United States is protectionist is just wrong and -- but we have a very important conjunction of forces, the rivalry with China, the opportunities for the military industrial complex, the very important influence of the steel and automotive unions in the swing states. And Trump's convictions that make it what it is. Read the papers. I mean, very few people in the United States who are thinking straight are advocating tariffs. Who is advocating tariffs?

>> **VERA KANAS:** Thank you, professor Dadush. Another question for you, can fragmentation of the trading system be stopped? And based on that, one of the takeaways you mention is a preserve as much of the WTO as possible. What would you suggest for such preservation of the WTO, okay? I would like to invite Dmitry if he has any comments as well and for the audience, please questions are very welcome to the Q&A, please.

>> **URI DADUSH:** Yeah, so I don't think fragmentation is going to be stopped now. I think fragmentation is going to be worse in the next -- in the foreseeable future under Trump 2. Okay? By the way, I said this in the book. It is not new. I thought even under Biden or Biden 2 or Kamala, we are also in a fragmentation trend, but it is going to be worse under Trump. However, as I said, my book is about the next 10, 20, 30 years, think of it that way. And can the fragmentation be stopped in the long term? My answer is yes, it can. And fundamentally because I believe it is in the interest of the main parties. And a lot of my focus is on China-U.S. Those who think China-U.S. are destined to fight trade wars forever really need to answer the question, what is the end game

here? I mean, we are not any more in the 1930s and the 1940s. There are nuclear weapons. And China is not going to invade the United States. The United States is not going to invade China. So the issues are very much issues about dominance and competition, but always being careful for the situation not to get out of hand. So that's the geopolitical background, the fundamental geopolitical background. At the same time, everybody is aware who is thinking that there are very important economic interests for China and the United States to continue to trade and continue to cooperate. Very fundamental economic interests on both sides. And, of course, there are very fundamental economic interests, vital interest, in cooperating on other agendas, climate being the first. Yeah, so, why is it that I think a deal can be made at the end and will be made? Well, partly, of course, history shows: never say never. Okay? Look at what happened with the Soviet Union. Look at what happened between Germany and France. Never say never. Why do I think it is possible? Number one, what I said at the beginning. Because China is not the threat it is made out to be. China has a lot of problems, a lot of stuff that it has to deal with, okay? And the United States on the other hand is not a protectionist society. China has shown again and again in its trade policy, which is a whole chapter in my book, that it wants to open up. It wants -- by the way, this is what the Xi Jinping says at every opportunity as well. Look at what they do, not at what they say. What they are doing is they are trying hard to open up and they continue to do that, in my view. So that's the reason I think fragmentation at some point can be contained because at some point the two parties will come together, but it is not going to happen now and it is not going to happen in the next four years. But I have talked too much and I am very eager to hear Dmitry or whoever else had something. Yeah.

>> **VERA KANAS:** Thank you, Dmitry, you have a floor. We saw you.

>> **DMITRY GROZUBINSKI:** Thank you so much. There is so much more -- so much in what professor Dadush said you can dive into. I want to go back to the previous question and echo two of professor Dadush's points. Is America a protectionist society? If you put the question to Americans should America producers be protected from unfair competition in the same way other countries shield their producers from American producers? You would get a lot of positive answers. If you asked Americans whether the U.S. government should step in and slap you on the wrist with taxes for not being patriotic enough in your purchasing decisions at Walmart, I think you would get a very, very different answer. So I think a lot about these kind of debates, is America society protectionist or not? It goes back to what professor Dadush has said. Most Americans have not thought about these issues in any great philosophical depth, and searching for some sort of socratic (...) philosophical construction and changing the way the nation perceives the world is folly. I wanted to build on his points there. I wanted to pose a question to him, if we have time. One of the things I grappled with from an Australian perspective is that when it came to Chinese trade policy as a tool of foreign policy, it felt like China was at its most belligerent in very early 2020 when it felt very, very strong, but was much more willing to come to the table to compromise and be inclusive and to stop hitting us when it came to 2023 when some of the indicators had changed. It no longer felt it blitzed the COVID response better than anyone and there were some headwinds in the Chinese economy. So I was really curious given your vision of a potential arrangement, whether that will occur because the U.S. and China are both doing really, really well and want to preserve that strength or is it about the players weakening to the point where they feel like they need an accommodation to maintain their prosperity standard of living and status quo?

>> **URI DADUSH:** I think it is more likely to be the second than the first. And again, you know, I am a macroeconomist as well as I work on macro as well as trade. The trends in China in the Chinese economy are not good. For the longest time when I was running the macroprojections division at

the World Bank I saw China only going strength to strength. I saw the fundamentals of China as being incredibly powerful, et cetera. I argued strenuously against those and there were many who said, oh, this is it. It is ending. But now I think the situation has changed and I'm coming to that view. And the issue is not just the demographics, although the demographics are pretty terrible. Should not be underestimated. The demographics is not just about fallen population, but very rapid aging and a huge change in the dependency ratio in an economy which is still a developing economy. It is, you know, the income per capita PPP - purchasing power parity - adjusted of China is 1/3 that of the United States. And the fact that it is -- the demographics are turning so soon, number one, and number two, again and again what you see when you examine the Chinese economy now is a lot of imbalances and a lot of it is clearly connected to interventionist government policy, too much picking winners, too much interference with the private sector. Too much emphasis on investment. Et cetera, et cetera. So the productivity of the Chinese economy is deteriorating at a very rapid rate. And so right now the way it looks to me is -- and it is possible that the U.S. will screw it up, but I doubt it. The tendency is a weaker China, a United States which continues to be strong, not great, but strong. And so I think that will be part of what enables the deal. Look at, by the way, the export of China. People are overemphasizing the last year, year and a half because of the weakness of the Chinese economy, the cyclical weakness of the Chinese economy. If you go back to the great financial crisis, basically China's exports in the world plateaued around 14%. Okay? So we are no longer in a situation where, you know, we are structurally in a China shop. We are cyclicly in the moment, but that will change. I think that is part of what you experienced in Australia. It could turn out to be more than a temporary thing.

>> **SERGIO GOLDBAUM:** I totally agree as they used to say, demography is destiny. There is a saying like that. Okay. So I would make a final question for both. First of all, both books have many points of contact and make a question about something that both books tell something. I also to strong recommend both books to all the audience, professors and students because they are really worth reading them. So my question is about the chapter 15 of Dmitry's book, Trade and Peace. In many famous quotes, Montesquieu states that trade creates peace. For instance, "Oeace is the natural effect of trade. Two nations who traffic with each other become reciprocally dependent. Their union is founded on their mutual necessity. Was Montesquieu lying to himself? On the other hand, trade sections are a common trade weapon nowadays. Are Western countries lying to themselves about the effectiveness of trade sanctions? Professor Uri or Professor Dmitry, you can start. Professor Dmitry, let's take the original order [of presentation].

>> **DMITRY GROZUBINSKI:** Sure. I'll go first. As you can probably tell from my name, I'm Ukrainian. I have seen very much firsthand the fact that there are real limits to the Trade and Peace theory. I mean, there was a McDonald's in Kyiv and there is a McDonalds in Moscow. The Soviet Union deliberately created supply chain interdependence between different regions of the Soviet Union. Ukraine was a vital part of Russian supply chains. Ukraine was very, very close to joining the EU. The sort of ripoff, the (...) version of the European Union that Russia is trying to build and non of that ultimately prevented the annexation of Crimea in 2013 or everything that happened thereafter. The way I tend to encourage people as I do in the book, the way I tend to encourage people to think about it is that trade can add variables to the equation on the negative side. It can make war less attractive. It can increase the consequences of going to war. But it is not some magical panacea where we just trade hard enough we will never go to war and I think that the idea is based on some optimistic interpretations. That is on the first point. On the sanctions, I think we have to be honest about what they can and can't achieve. In the book I talk about being honest about saying are you simply signaling to the world where you stand on an issue? Are you aiming to degrade the other country's economy and ability to wage war? Are you aiming to push a

policy change through sanctions? Or are you aiming to push a regime change? And I think the history has shown that the last two are very, very difficult to achieve in hindsight once a policy or regime is in place, sanctioning it out of existence is very hard. We don't know how many undesirable policies have been prevented over the years by the knowledge that they would incur sanctions. One has to assume it is more than zero, but it is not all of them. So as long as politicians are being honest and setting out their goals clearly, if they are saying our goal is to degrade the Russian war machine, for example, you can judge the sanctions against that standard. Where I think the lies come in are where politicians pretend that sanctions alone can achieve policy or regime change when the evidence for that is virtually nonexistent.

>> **SERGIO GOLDBAUM:** Professor Uri.

>> **URI DADUSH:** I agree with a lot of what Dmitry said. Let me elaborate a bit. One is trade can help consolidate peace and especially if the trade is accompanied by something else, mechanisms that promote cooperation at the high level. Of course, I'm referring here to the European Union. Where we've built a lot of institutions, actually, pretty strong, pretty solid institutions quite legitimate representative institution including elections at the European level. That, you know, so it can consolidate peace and make it quite lasting if you also have strong institutions, okay? If I extend the analogy, we have the WTO as an institution that is coordinating, et cetera. It is a very weak institution. As it turns out. So it will only take us so far. The other point is trade can consolidate peace, but trade differences, trade differences can be fundamentally divergent economic interests translated to the trade level. It can be the harbinger of war. Can be the harbinger of war. This is what we saw in the Civil War of the United States, an important part of what is going on because we are talking about the slave trade, but it wasn't just the slave trade. And so this is one of the reasons I wrote the book is because I'm very, very concerned about the trade war between the United States and China. And I think that that can deteriorate further. Much further. On the sanctions, again, I agree completely with Dmitry. I have seen many things during my time, you know, and it's not just that sanctions cannot guarantee regime change. It is that even military intervention, direct military intervention does not guarantee regime change or at least the regime change that we wanted. I saw this firsthand in Iraq in 2003. And, of course, Cuba has been under sanctions one way or another for a while, 50 years. It is a little island. I live main in Miami. 80 miles away, we still haven't been able to get Cuba to do what we want. So, no. Sanctions have very limited effect and especially so when the sanctions are unilateral. When sanctions are multilateral, when everybody agrees as they did at one point that Iran was a bad boy, then the sanctions seem to have a real effect on the Iranian economy. The moment you -- we don't agree that Russia is a bad boy. And so there is no universal sanctions on Russia and the world is a big place.

>> **VERA KANAS:** Thank you. There is one last question from the audience if you both want to comment, but very briefly, please. I will read the question. Is it possible to say that there is a long lasting conflict between China the United States? Is it possible to say issue such as Taiwan, the south China sea and the presence of the United States around China and China in Latin America such as the case of Mexico, which was the largest destination for China's exports in 2023, surpassing the United States and Peru and port of Chankay can be solved through diplomatic negotiations? If you want to comment, please.

>> **URI DADUSH:** Yes. I mean, none of the issues that you mentioned with the possible exception of the South China Sea would be considered, in my view, an existential problem for the United States. In the case of Taiwan, it is an existential issue for China, no question about it I is not an existential issue for the United States. By the way President Trump has said as much to all intents



and purposes. Not Biden, Trump. It is a competition. It is about dominance. But it is not about existence. Since they cannot wipe out each other they must co-exist or not exist is what I wrote in the book. I think at some point they could come together and those who believe that this impossible should look at what happened to China-U.S. in the early 50s, early 60s, in the run up to the creation of the WTO. They should look at Germany-France. There are many cases in history that can be mentioned of conflicts that seemed perennial, insoluble, but, in fact, were not. And by the way, let's hope that they can come together because the alternative scenario is too terrible to contemplate.

>> **SERGIO GOLDBAUM:** Thank you very much. I think we are running out of time. I would like to say we had a nice, wonderful first day of our XXth Symposium and I will pass the floor to professor Aluisio for the closing remarks.

**\*\*\*CLOSING REMARKS \*\*\***

>> **ALUÍSIO DE LIMA CAMPOS:** Thank you, Sergio. Thank you, Uri. Thank you, Dmitry. Fantastic session. I have to digest everything I heard today. I may have some comments tomorrow and I hope both of you join us tomorrow. And Uri, you will be asked to join the second panel tomorrow since it is the subject of your book. And Dmitry, you are welcome to join, too, if you like. And I would like to thank everyone that was part of the audience today. And remind you that we start tomorrow at the same time and we are going to have our third panel with a lot more to go. I will at this point thank you all for this and expect to see you all tomorrow. Thank you so much.