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MINISTERIO DE ECONOMÍA, INDUSTRIA Y COMPETITIVIDAD INFORMACIÓN COMERCIAL ESPAÑOLA Secretaría de Estado de Comercio

GLOBALISATION, INTEGRATION AND ECONOMIC DEVELOPMENT

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ANCHUELO CREGO, Álvaro

How to complete the European Monetary Union

Abstract: The Eurozone needs to be consolidated. The Banking Union continues to be incomplete, lacking a common Deposit Guarantee Fund. The Single Resolution Fund requires the fiscal backing of the ESM and banks have accumulated too much domestic public debt. The Capital Markets Union also needs to be accomplished. As for the budgetary union, the obstacles to ensure that fiscal policy plays its stabilisation role are even greater: coordinating national policies, increasing the scope for action in countries with the greatest problems, and developing a common fiscal policy. This article analyses the most recent proposals of the European Commission, considering the contributions of academic literature.

Key words: Euro, Eurobonds, budgetary union, European banking union.

JEL classification: E52, E58, E62, H6.

BENÍTEZ-MASIP, Adrián and PANIAGUA, Jordi

Greenfield foreign investment in Spain

Abstract: This article presents an analysis of greenfield Direct Foreign Investment in Spain. Greenfield investment is defined as investment from the ground up, which additionally involves an influx of foreign capital, the creation of new business projects and jobs. Greenfield investment amounts to 35 per cent of total FDI recorded in Spain, and its evolution over time, the main sectors and recipient regions have similar features. An econometric analysis, using the gravity equation, shows that the determinants of greenfield FDI in Spain are similar to global determinants as well as those of overall FDI recorded in Spain.

Key words: international investment, multinational companies, FDI.

JEL classification: F21, F23.

BERGES LOBERA, Ángel and ONTIVEROS BAEZA, Emilio

Financial deglobalisation: spotlight on European Banks

Abstract: The goal of the article is analysing recent signs identifying a clear inflection in the financial globalisation dynamic unravelling over the past three decades. The focus of attention is the banking system and, more specifically, that of the Eurozone. The impact of the propagation of the 2008 crisis to the European Monetary Union, not only led the definition of Banking Union to be brought forward, it also involved a reversal of cross-border banking activities. This was much more explicit in terms of contraction of the cross-border flows than in terms of dispersion of prices applied to retail banking activities. A further objective is to assess the scope of this inflection on banking integration in the Eurozone, analysing the reasons and the future of intra-community merger transactions.

Key words: banking union, financial integration, retail banking, cross-border mergers.

JEL classification: F01, F02, F42.

CHAFER, Carlos; Gil-PAREJA, Salvador and LLORCA-VIVERO, Rafael

The impact of trade agreements: bilateralism versus plurilateralism

Abstract: This article researches the differential effect of bilateral and plurilateral trade agreements on trade. To do this, gravity equations of international trade are calculated with a sample including 139 countries over the 1975-2015 period. Following the consideration of around 250 agreements, the most demanding econometric estimates reveal that solely plurilateral agreements have had positive effects on trade. Therefore, recent proposals of bilateralism made by the new U.S. Administration are detrimental to world trade.

Key words: bilateral trade agreements, plurilateral trade agreements, gravity equation.

JEL classification: F13, O19.

GANDOY JUSTE, Rosario and DÍAZ-MORA, Carmen

Global value chains: at centre stage of protectionist trade policies

Abstract: Recent protectionist trends in trade policy are a threat to the expansion and continuity of global value chains. This article sets out to analyse the economic effects of value chains, especially the most controversial issues, and those supporting protectionist arguments: trade balances and employment. The analysis conducted evinces that participation in global value chains (GVC) does not necessarily lead to deteriorating trade balances or net employment losses, although it does bring changes to the makeup of labour, weighing against manufacturing-based labour, less skilled employment, and the most routine tasks.

Key words: international trade, fragmentation, value chains.

JEL classification: F100, F120, L140.

LATORRE MUÑOZ, María de la Concepción

What world wellbeing is missing without TTIP

Abstract: The Transatlantic Trade and Investment Partnership (TTIP) has inflamed passions. This article analyses its controversial points, offering sources for and against. The available text of the recently signed Comprehensive Economic and Trade Agreement (CETA) with Canada, although it is still pending ratification by all countries in the EU, clearly demonstrates that a large part of the controversy is literally out of the “danger” area. CETA is a clear example of what the EU wanted for TTIP. We also offer our estimates of the positive economic effects of TTIP for the global economy, reflecting the existing consensus. For workers and many other stakeholders, the signing of TTIP would be very beneficial.

Key words: preferential agreements, foreign trade, foreign direct investment, multinationals, applied general balance models.

JEL classification: C68, F14, F15, F17, F21.

MALO DE MOLINA, José Luis

The future of the European project in the wake of Brexit

Abstract: Brexit has been a setback for the European integration process, forcing a rethink of the goals and speeds of integration. The sequential negotiation of the divorce and the new relationship leads to a challenging balance in sharing losses. The potential trade agreement shall involve restrictions to the regulatory autonomy of the United Kingdom and transitional periods shall be needed. The role of the City is its Achilles Heel, given the loss of the financial passport and the re-localisation of core functions of the capitals market. Strengthening the Economic and Monetary Union (EMU) should be pivotal for the regrouping of Europe looking ahead to integration.

Key words: Brexit, free trade agreements, financial services, EMU.

JEL classification: F15, F450, G150, G200.

MINONDO URIBE-ETXEBERRIA, Asier

International trade and inequality

Abstract: Events like Brexit and the victory of Donald Trump in the U.S. presidential elections in 2016 have led to inequality, and their connection with international trade is in the frontline of the political and economic debates. This article analyses the relationships that the economy establishes between international trade and inequality, and we additionally review what the most recent empirical evidence says about this relationship. The article is rounded up with a series of economic policy recommendations.

Key words: globalisation, inequality, exports, China, qualification.

JEL classification: D33, F10, F14, J21.

REQUENA SILVENTE, Francisco

Globalisation, trade integration and wellbeing

Abstract: Since the end of the 20th century, we have been witnessing an acceleration of global trade integration. Its protagonists have been international production chains and industrialisation of a small group of emerging economies, led by China. This article sets out the most significant changes of the structure of world trade and its consequences on the wellbeing of countries and their inhabitants. We also show that, despite this significant progress, we are still far from total trade globalisation. Finally, we highlight the strong rate at which 21st-century globalisation is reducing poverty and world inequality.

Key words: economics of globalisation, interdependency, allocational efficiency and equity.

JEL classification: D61, F01, F15.

RICA, Sara de la

Economic effects of immigration: empirical evidence

Abstract: This article takes stock of the existing empirical evidence on the economic impact of immigration. This evidence concludes that the impact of immigration on labour factors such as employment and salaries is practically non-existent. Additionally, the fiscal balance of immigration appears to be clearly positive, mostly for economic immigrants. Immigration also has economic effects on the source countries, above all because of remittances, which have reduced household poverty indices. However, the link between remittances and economic growth is still unclear.

Key words: migration movements, labour market, fiscal balance, remittances, political refugees.

JEL classification: I3, J0, J1, J3, J6.

SOLANA GONZÁLEZ, Gonzalo and MÍNGUEZ FUENTES, Raúl

Globalisation and foreign direct investment of companies

Abstract: Globalisation substantially changes the setting in which companies, Public Administrations and individuals operate. Far from being dampened by the recent crisis, this phenomenon has endured, with a view to progressive intensification and gradual mutation towards new forms of expression. The recent trajectory of direct foreign investment flows is proof of this dynamic, with sustained progress and growing prominence of developing countries —mostly emerging markets— with a gradual balancing out of their relevance in respect of developing countries. These circumstances have a substantial influence on company internationalisation strategies.

Key words: direct foreign investment, business internationalisation, globalisation.

JEL classification: F21, F23, F6.