Projeto: “ International Economy Laboratory: International trade and international capital flows – North America (2003-2015) ”.

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Abstract

This project aims to analyze the performance and behavior of the international trade and international capital flows of North America over the period 2003 to 2015 through studying its characteristics, dynamics and relations between them.

Key words:

International trade, capital flows, North America.

Introduction

Inside the vast fields of Economy, the international economy plays an important role once is totally related to one of the main characteristics of capitalism: its unavoidable expansion towards increasing its value. International Economy is divided into two main subjects, international trade and the study of capital flows, these two are key factors to study an economy once they show its main dynamics and behavior. Currently in the stage the world economy finds itself its main trends are intrinsically related to North America due to NAFTA strength and United States economic performance. Finally, the period chose to analyze the international economy of North America was 2003 to 2015 once it covers two important scenarios of today's economic and mainly the effects of 2008 economic crisis.

Results and Discussion

On international trade scenario by analyzing its characteristics in North America over the last 12 years and by studying its behavior during the same period the findings was respectively that NAFTA is a strong trade bloc but United States concentrates most of its strength, and that the 2008 economic crisis was key to the performance of North America trade balance and consequently to the world. The strength of NAFTA comes fundamentally from the dynamics of the bloc, e.g. the main importers and exporters of Mexico are the United States with 51% and 73% respectively; the same trend can be seen with Canada. However both economies are really dependent to the United States mainly when it comes to analyze trade description. The goods and services with the most added value in both economies comes from the United States industries e.g. vehicles, electronic equipments and petroleum derivatives. Through studying its behavior it was possible to understand how deep the 2008 economic crisis hit North American economy, e.g. the volume of NAFTA imports and exports dropped 33, 5% and 12, 7% respectively in 2009 in comparison with the previous year. On international capital flows scenario the findings by studying its main characteristics and determinants and through the analysis of its behavior over the last 12 years were respectively that both brownfield and greenfield investments are related to the phenomenon called global value chains; besides it North America plays a major role on M&As and greenfield investments; on behalf of its behavior the 2008 economic crises was key once more to

the performance of FDI. Global value chains appear as a current trend on international economy. As a broad concept that can be summarized as capital seeking for valorization and decreasing production costs it inherently contains both types of FDI once investment is intrinsically related to capital valorization. When analyzing FDI types and its trends, it is feasible to assume North America plays an important role, e.g. over the years 2013 to 2014, its Greenfield inflows were the second biggest in the world with roughly 25% of the total shares. Through its behavior over the last 12 years was possible to see the deep effects of 2008 economic crisis, e.g. inwards of FDI stocks dropped 28% in the 2008 compared to the previous year, NAFTA's inwards of FDI dropped 13% in 2008 compared to 2007.

Conclusions

While international trade indicators findings brought a broad perspective of North America performance, capital flows indicators were responsible to find more specific and detailed information and therefore allowed the research to have a complete analysis. Within this complete analysis it was feasible to assume that today's economy is quite ambiguous because although it creates more and more sophisticated ways of capital valorization at the same time it becomes more and more vulnerable to its own internal issues. The most suitable example to that are the effects of the 2008 economic crisis on the international economy of North America.

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