

Abstract

International trade distributes various interests to actors, who then form two camps supporting free trade and protectionism, respectively. Both two camps also influence the decision-making of trade policy. This thesis focuses on textile trade and analyzes why protectionism could prevail in the textile trade during the second half of 20th century, and why it declined in the end of 1990s. Second, this thesis analyzes how China's considerable textile exports after 2005 incur resistances of protectionists in the European Union (EU) and the United States (US). Those protectionists request their government to negotiate with China on textile products. However, those requests attract the counterpunches from supporters of free trade.

By rendering the "Two-level Game Theory", this thesis discovers that the domestic coalitions in the EU and the US significantly determine the results of negotiations. Although both negotiations result from powerful challenges of Chinese textile products, the EU and the US have their own institutional designs and then take different responses. In the EU, conflicts between textile industry and textile importers are of approximately equal strength. The European Commission has to hold an eclectic position between the supporters of free trade and protectionists. As a result, the results of EU-Sino negotiation favor China's textile export to the European market. On the other hand, even though there are conflicts between textile producers and importers, producers get the upper hand by lobbying politicians. In addition, because the US government also intends to reduce the US' tremendous trade deficit with China by limiting China's textile product, the US-Sino textile quota negotiation is much more protectionism-oriented.

Key words: textile trade, quota negotiation, international bargaining, two level game theory, protectionism