



EXECUTIVE SEMINAR

GLOBAL GOVERNANCE PROGRAMME, IN COLLABORATION WITH THE SCHOOL OF TRANSNATIONAL GOVERNANCE

TRADE NEGOTIATIONS IN AN ERA OF UNCERTAINTY

Scientific Coordinators:

Bernard Hoekman | European University Institute

Robert Wolfe | Queen's University

Cappella

Villa Schifanoia, Via Boccaccio 121 - Florence

 [@GlobGovProgram](https://twitter.com/GlobGovProgram)

15 - 17 APRIL 2019

■ INTRODUCTION

Trade strategy is now shaped by an environment of rapid economic and technological change in which we cannot assume that all countries always share trade liberalisation objectives or support the rules-based trading system. High profile protectionist actions seem increasingly legitimate in some countries, but routine protectionism never went away in many more. The potential direct and global ripple effects of a retreat from multilateralism bring considerable uncertainty, not least by undermining what we thought were the foundational norms of trade relations. Questions about whether new players in the system will accept those norms add to the uncertainty, if they privilege state-directed rather than market-oriented firms. At the same time, some citizens in the advanced economies think that trade and globalisation have not worked for them, and they face new uncertainty as artificial intelligence changes the future of work.

This course focuses on the strategic challenges for trade policy in a world adapting to rapid structural change and unpredictable policies. How should national interests be analysed? How can governments defend those interests from protectionist actions taken by others, while at the same time working to reduce fixed costs for firms of trading, and reducing uncertainty in partner country markets by getting them to make binding commitments? How should we think about operationalising a “progressive trade agenda”? Bilateral and regional agreements are facing diminishing returns. Policies that generate the largest externalities and have systemic importance, require coordinated multilateral action. The old agenda of shallow reciprocal agreements is still with us, for example barriers to market access among developing countries, but in the 21st century economy it is necessary to develop deeper agreements,



Co-funded by the
Erasmus+ Programme
of the European Union



for example on subsidies, which will require new models.

Drawing on the experience of practitioners and academic trade experts, the training objective is to improve participants' understanding of the evolving trade policy landscape and present alternative approaches to addressing the negative spillover effects of national trade-related policies.

■ DRAFT PROGRAMME

15 APRIL

- | | |
|---------------|--|
| 09.00 - 09.30 | Opening
Brigid Laffan (TBC) & Bernard Hoekman European University Institute |
| 09.30 - 11.00 | Overview: Setting the Scene
Bernard Hoekman European University Institute
<p>The changing nature of 21st century trade creates an extensive agenda calling for innovative approaches to trade cooperation. The 'rise of the rest', especially China, has led to geopolitical tensions because of economic adjustment pressures. At the same time emerging economies are where the growth is. System differences are of growing importance: a key challenge is to manage the differences between state-capitalism/control and market-based economies. Policies and politics to "make it here" not "in the world" are putting the WTO under pressure and call for updating of the global rules of the game. This session will provide an introduction to the global trade regime; its basic rules and operating modalities; and provide an overview of recent developments and trends in the trading system.</p> |
| 11.00 - 11.30 | Coffee break |
| 11.30 - 13.00 | Changes in the nature and political economy of trade (1): firms and value chains
<i>speaker tbd</i>
<p>Trade performance is affected by macro-and micro-economic policies at home and in foreign countries. Corporate or personal tax changes, immigration policy, and exchange rate movements will influence firms, and their place in global or regional value chains, as much as changes in trade and/or investment policies. Resource reallocation within industries is a key driver of trade and productivity. Firm-level trade models have changed our understanding of the impact of increased trade, and increased trade restrictions, on productivity at the level of the firm, the industry, and the nation.</p> <p>This session will provide an overview of recent economic literature on how firms participate and collaborate in regional and global value chains and the implications for (and evidence on) the political economy of trade policy. Export performance for a country is not merely driven by its firms' productivity, but also by the connectedness of its firms to key value chain partners and this is reflected in trade policy preferences.</p> |
| 13.00 - 14.00 | Lunch break |

- 14.00 - 15.30 Changes in the nature and political economy of trade (2): Structural transformation – services and the digital economy
Martina Ferracane | European Centre for International Political Economy
 The shift to services is a major change affecting all economies and one that will only accelerate. Issue: how can we advance services liberalisation, taking into account that services are often regulated and that trade is associated with cross-border data flows. How is the services/digital policy agenda different from goods? Trade barriers vs. domestic regulation. STRI and ECIPE policy data. Implications for design of trade negotiations and potential agreements.
- 15.30 - 16.00 Coffee break
- 16.00 - 17.30 Changes in the nature and political economy of trade (3): Standards and regulatory heterogeneity
Hildegunn Nordas (TBC) | OECD
 Standards and regulations are legitimate instruments to address market failures and pursue social objectives. But they also generate externalities. Review empirical evidence on trade effects of regulatory heterogeneity and approaches that have been used to reduce associated costs for traders, drawing on the work at the OECD on these matters.
- 20.00 Dinner

16 APRIL

- 09.30 - 11.00 Distributional impacts, social preferences and developing country interests (1): Recognising adjustment costs and social preferences
Douglas Nelson | Tulane University
 (i) Distributional effects: who benefits? Who incurs costs? People left behind. Theory and evidence.
 (ii) Fairness concerns: consistency with social values as a condition for trade, e.g., social/environmental norms. Issues: Legitimacy: who sets the rules? Who is accountable for results? Enforceability -who determines compliance? Who can act?
- 11.00 - 11.30 Coffee break
- 11.30 - 13.00 Distributional impacts, social preferences and developing country interests (2): Developing country perspectives; special and differential treatment
Patrick Low | University of Hong Kong
 Developing country goals and preferences. We have to work with developing countries on opening trade, not merely on trade agreements, and on improving standards. Take development seriously; do not give exceptions. Lessons and options looking forward.
- 13.00 - 14.00 Lunch break
- 14.00 - 15.30 The return/rising use of industrial policy
Simon Evenett | University of St. Gallen

Evolving state of play in North and South; how it differs from the past (does it)? The shift to subsidies and tax incentives. SOEs. “Forced” technology transfer. Economic security-cum-national security motivations for protectionism. What creates serious international spillovers? How large are the rents? What do we know? What do we need to know?

15.30 - 16.00

Coffee break

16.00 - 17.30

Trade policy responses (1): Trade defence instruments

speaker tbd

Calls for/action against ‘unfair’ competition at (i) industry/firm level: subsidies; SOEs; IPRs; (ii) individual/community level: labor standards, etc. Two types of instruments: (a) condition access to markets through anti-dumping and countervailing duties, safeguards, national security measures; and/or condition market access on policy changes by trading partners through PTAs, or (in case of developing countries) instruments like the EU GSP+ programme.

17 APRIL

09.30 - 11.00

Trade policy responses (2): Linkage strategies and trade conditionality

Lisa Lechner | University of Innsbruck

Theory and practice; overview of state of play in EU trade policy; empirical evidence on implementation and effects; debates

11.00 - 11.30

Coffee break

11.30 - 13.00

Trade policy responses (3): Dialogue - assessing the EU-China experience

Jacques Pelkmans | Centre for European Policy Studies

Overview of what has been done and why. Incentives for both parties. Process issues—how are dialogues prepared? Consultations and outreach. Carrots? Are there sticks? Empirical evidence on effectiveness.

13.00 - 14.00

Lunch break

14.00 - 15.30

Trade policy responses (4): Transparency as an alternative (or precursor) to hard law

Robert Wolfe | Queen’s University

Formal binding obligations - e.g., on subsidies - may not be the best model. Or at least it must be complemented with informal mechanisms to promote learning about the effects of policies. Agreements can be used to enhance transparency about the effects and impacts of policies and as accountability mechanisms for diffusing or avoiding conflict. Reference Papers (SOEs, private standards examples). Link to antitrust thinking: look for effects.

15.30 - 16.00

Coffee break

16.00 - 17.30

Trade policy responses (5): Hard law - multilateral/plurilateral agreements

Bernard Hoekman | European University Institute

Can new negotiation approaches—critical mass and plurilateral—allow diverse approaches within a multilateral framework? Which big issues have to include the full membership, and which ones are susceptible to plurilateral action? (and what does critical mass look like?)

17.30

Distribution of diploma and farewell

■ **SPEAKERS**

Simon Evenett

University of St. Gallen, Switzerland

Martina Ferracane

European Centre for International Political Economy, Belgium

Bernard Hoekman

European University Institute, Italy

Lisa Lechner

University of Innsbruck, Austria

Patrick Low

University of Hong Kong, China

Douglas Nelson

Tulane University, United States

Hildegunn Nordas

OECD, France

Jacques Pelkmans

Centre for European Policy Studies, Belgium

Robert Wolfe

Queen's University, Canada