



SEPTEMBER 25 - 27, 2011

Course Directors:

John M. Curtis, Terry Collins-Williams, Robert Wolfe

Trade policy is a vital part of Canadian microeconomic policy, and of Canadian foreign policy. It involves a major diplomatic activity, and is central to the formulation of strategies to ensure Canada's future prosperity. The trade policy environment is rapidly changing, however. Current and future trade negotiations are addressing issues that stretch our understanding of the meaning of "trade policy". New players will alter the shape of the negotiation environment. Canadians can use their diplomatic skills to influence the evolution of the trading system, but Canadian leadership will depend on our analytic contribution not our economic weight. The purpose of this course is to help a new generation of federal and provincial trade policy practitioners to develop the analytic skills that the country needs.

When national competitiveness is invoked as a policy objective, trade experts have learned to retort that countries don't trade, firms do. This focus on the importance of the firm in international trade is consistent with the most recent developments in trade theory, but policy needs to catch up. Traditional trade theory argues that countries gain from exporting those goods and services that they are relatively good at producing while importing goods and services that other countries are relatively good at producing, but actual trade patterns do not match the theory. Recognizing the growing anomalies in observed trade patterns, the "new trade theory" of the 1980s looked at industries not countries, leading Nobel prize-winner Paul Krugman, a pioneer in this literature, to suggest the need for a new trade policy. Recent work on what some call the "new new trade theory" focuses on the trading behaviour of individual firms, making a tight link between trade and productivity. Given the centrality of productivity to Canadian public policy, trade negotiators must again revise their perspective. This course will help participants begin to think about a new new trade policy.

Where is growth going to come from in the world economy? Where are the opportunities for Canadian exporters, importers, investors and consumers, and what might be the challenges in the future for Canadian policy makers? The answers will include both the familiar story about new players (e.g. a growing middle class in China and India), technological change (which will have an effect on what is traded and where) and new business models (global value chains and global food chains will lead to more goods and services crossing more borders more often, with attendant potential for conflict associated with policy externalities crossing borders).

Thinking about firms not just industries will lead to exciting new opportunities for Canadian trade negotiators. It will also create challenges. Explaining the new agenda to traditional interlocutors in business and other trade ministries will not be easy. Developing new models and data sources will also be difficult. But the payoff is the opportunity for more targeted

trade policy and trade promotion. Even more important, the new new theory places trade policy at the heart of the government's productivity agenda.

This course will benefit people who have been exposed to, or worked in, trade-related policy fields or international trade negotiations. It is intended for mid-level government officials; and to practitioners in trade associations, law firms, think-tanks, and NGOs.

The emphasis of this course will be on trade policy analysis as a specialized mode of policy analysis. It will expand knowledge of, and capacity to use, statistical, analytic and communications tools to formulate trade policy strategies and prepare for negotiations, with particular attention to issues on the new new trade policy agenda. Background reading material will be available on a special web page for participants in advance.

Expected enrolment is 40 people. **The cost of \$1,750 plus HST includes all meals and teaching materials.** Travel to and from Kingston, as well as two nights' accommodation, will be the responsibility of the participants.



Sunday September 25, 2011

2:00 pm

Use of data and economic models in trade policy formulation

(optional: advance registration required)

This optional session will offer a refresher on the data sources available, notably from Statistics Canada, and how quantitative models can underpin trade policy analysis. Participants who bring a laptop will have an opportunity for hands-on work with data.

Dan Ciuriak, André Downs, Shenjie Chen, and Patrick O'Hagan

6:00 pm

Dinner

Keynote:

The contribution of trade policy to achieving the government's broad objectives.

Mel Cappe



Monday September 26, 2011

8:30 am

Trade policy as economic policy

Given patterns of growth in the world economy, where are the opportunities for Canadian exporters, importers, and investors? How can trade enhance Canadian innovation and productivity? What do we mean by trade policy strategy?

John M. Curtis

9:15 am

Trade policy as foreign policy

What purposes does trade policy serve in a world of states? What are the negotiation options? What are the political objectives of the principal institutions?

Robert Wolfe

10:00 am

Break

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| 10:15 am | Introduction to the <i>new new</i> trade theory <i>Beverly Lapham</i> |
| 11:15 am | Introduction to the <i>new new</i> trade policy <i>Robert Wolfe</i> |
| 12:00 pm | First Group meeting Participants will be assigned to groups of ten with a seminar leader and a subject expert to discuss the implications of an emerging issue for <i>new new</i> trade policy. The seminar topics will be [regulation, sustainable development, services, and innovation policy (tbc)] |
| 12:45 pm | Lunch |
| 2:00 pm | Matching trade policy objectives with trade policy tools <i>Terry Collins-Williams</i> |
| 2:45 pm | Trade and trade policy in a global value chains world Why are economists and policy makers starting to pay attention to global value chains? How are they organized? What policy challenges do they entail? <i>Ari Van Assche</i> |
| 3:30 pm | Break |
| 4:00 pm | Second Group meetings |
| 6:00 pm | Cash Bar |
| 6:30 pm | Dinner |
| | Keynote: Economics, Politics, and Trade Reality in Washington <i>Philip I. Levy</i> |



Tuesday September 27, 2011

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| 8:30 am | Policy coordination: Trade policy in the Machinery of Government <i>David Elder</i> |
| 9:25 am | New rules for a changing trading system <i>Bernard Hoekman</i> |
| 10:15 am | Break |
| 10:30 am | Third Group Meeting |
| 11:30 am | NTBs and protectionism <i>Kathy Baylis</i> |
| 12:30 pm | Lunch |
| 1:30 pm | Communications and consultation in the <i>new new</i> trade policy <i>Velma McColl</i> |
| 2:30 pm | Final group meeting |
| 3:30 pm | Break |
| 3:45-4:45 pm | Roundtable: implications of the <i>new new</i> trade theory for Canadian trade policy strategy Participants will be asked to identify the implications of their seminar discussions for the medium term evolution of Canadian policy Moderators: <i>Ian Burney</i> and <i>Daryl Hanak</i> |

Speakers and Instructors

Kathy Baylis, Assistant Professor, Department of Agricultural and Consumer Economics, University of Illinois; Fellow, Canadian Agricultural Trade and Competitiveness Research Network

Mel Cappe, Professor, School of Public Policy and Governance, University of Toronto; Former High Commissioner for Canada to the United Kingdom of Great Britain and Northern Ireland; and Clerk of the Privy Council, Secretary to the Cabinet and Head of the Public Service.

Shenjie Chen, Head, Research Projects Unit, Foreign Affairs and International Trade Canada, Research Projects Unit

Dan Ciuriak, Former Deputy Chief Economist, Department of Foreign Affairs and International Trade

Terry Collins-Williams, Senior Associate, Centre for Trade Policy and Law, Former Director-General Multilateral Trade Negotiations, and Lead Canadian Negotiator, Non-Agricultural Market Access (NAMA), Department of Foreign Affairs and International Trade

John M. Curtis, Adjunct Professor, Queen's University; Founding Chief Economist, Department of Foreign Affairs and International Trade

Andre Downs, Chief Economist, Department of Foreign Affairs and International Trade

David Elder, Adjunct Professor, School of Policy Studies; Former Assistant Secretary to the Cabinet, Machinery of Government, Privy Council Office

Daryl Hanak, Executive Director, Trade Policy International, Ministry of International and Intergovernmental Relations, Government of Alberta

Bernard Hoekman, Director, International Trade Department, The World Bank

Beverly Lapham, Professor, Department of Economics, Queen's University

Philip I. Levy, Resident Scholar, American Enterprise Institute, Washington. Prior to joining AEI, he worked on international economics issues as a member of the secretary of state's Policy Planning Staff. Mr. Levy also served as an economist for trade on the President's Council of Economic Advisers and taught economics at Yale University.

Velma McColl, Principal, Earncliffe Strategy Group; Former Senior Policy and Communications Advisor to Federal Ministries of Environment, Industry, Health and Fisheries & Oceans

Patrick O'Hagan, Director of Balance of Payments, Statistics Canada

Ian Burney, Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs and International Trade

Ari Van Assche, Associate Professor, Department of International Business, HEC Montréal

Robert Wolfe, Professor, School of Policy Studies, Queen's University