

2018 Queen's Institute on Trade Policy



Trade negotiations in an era of **UNCERTAINTY**

October 21 - 23, 2018

Kingston, ON

Canadian trade and negotiation strategy is now shaped by an environment in which we cannot assume that all our partners always share trade liberalization 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 U.S. retreat from multilateralism bring considerable risk for Canadians, not least by undermining what we thought were the foundational norms of trade relations. The old assumptions about integrative negotiations and a deliberative process in the search for mutual gains are challenged by positional bargaining aimed at narrow bilateral bargains. At the same time, some citizens in the advanced economies think that trade and globalization have not worked for them. Developing a progressive trade agenda in support of inclusive growth will require expanding trading opportunities to reach and benefit broader groups who previously have not been the focus of trade policy, including women.

All countries have domestic sensitivities. Canadians defend our supply management system, maintain a low de minimis limit for parcel shipments, make sophisticated use of trade remedies, wall off health services and culture from foreign participation, and accept managed trade in softwood lumber with the USA. But the general direction of Canadian trade negotiation strategy has been towards more open markets within a multilateral trading system as the basis of Canadian prosperity. This year's Trade Institute focuses on the strategic challenges Canada faces in a world adapting to rapid structural change and increased protectionism, unilateralism and uncertainty. How should Canadian officials analyze the country's interests? How can they protect those interests from protectionist actions taken by others, while at the same time advancing them in the context of new negotiations? If comprehensive agreements appear unattainable, could, for example, an accord on e-commerce be incorporated in a memorandum of understanding or in a plurilateral agreement in the WTO?

Drawing on the experience of former negotiators and academic trade experts, the training objective for the Institute is to help a new generation of federal, provincial and territorial trade policy practitioners to acquire the skills and perspectives needed to develop trade negotiation strategies, and to provide networking opportunities with their counterparts in other departments and other levels of government. The Institute is designed for officers who already have considerable experience with the basics of trade policy and negotiations. The breakout sessions will be organized to allow more experienced participants to delve more deeply among themselves on issues arising from the presentations while enabling participants newer to trade policy to consolidate what they have learned in separate sessions.

- Expected enrolment is 40 people.
- The cost of \$1,800 plus HST includes most meals and teaching materials.
- Please note: Dinner on Monday October 22, 2018 will be the responsibility of the participant.

Travel to and from Kingston, as well as two nights' accommodation, will be the responsibility of the participants.

For full workshop information and to Register: www.queensu.ca/sps/trade-institute

Agenda

Sunday October 21

- 3:30 **Introduction: Should Canada be a willow or a rock?**
How can Canada promote a more inclusive trade policy agenda that facilitates resource reallocation, promotes international connectivity and builds a better global trading system while strengthening its role in the North American economy? We live in an era of uncertainty when the prospects are dim for major liberalization initiatives, while protectionist outcomes are all too possible and the threat of trade war may persist for some time.
Robert Wolfe
- 4:15 **Shaping the negotiating strategy**
Moving from theoretical models of sound trade strategy to real life trade policy practice, the discussion will focus on how Canada should articulate its strategy, including defensive vs offensive interests, and linkages with other issues, notably the analytic challenges of reconciling a 21st century trade policy agenda with traditional considerations for negotiators. Coordination with other departments and levels of government matters more than ever.
Don Stephenson
- 4:45 **Break**
- 5:00 **Economic policy linkages**
Canada's performance will be affected by macro-and micro-economic policies adopted both by ourselves and by our partners. Corporate or personal tax changes, immigration policy, and exchange rate movements will influence Canadian firms, and their place in global or regional value chains, as much as changes in trade and/or investment policies.
John M. Curtis
- 5:45 **Return to hotel**
- 7:00 **Dinner**
Protectionist past
"We have been here before: protectionism in U.S. trade policy"
Chad P. Bown

Monday October 22

- 8:30 **Trade policy begins with thinking about firms**
Resource reallocation within industries is a key driver of trade and productivity. This presentation examines the new policy implications resulting from recent firm-level trade models that 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. In a time of trade conflict, how should policy-makers identify which Canadian firms within which industries will gain and which will lose?
Beverly Lapham
- 9:15 **A global value chains view of Canadian trade and trade policy**
How do Canadian firms participate and collaborate in global value chains? What effect does trade policy have on the competitiveness of North American value chains? Using practical examples, the session will include suggestions on how to make the macro/micro distinction in thinking about the determinants and effects of global value chains; the session will also show why protectionism can be so disruptive to global value chains.
Ari Van Assche
- 10:00 **Break, and first small group seminar**
- 11:15 **Instrument choice for responding to protectionism**
Protectionism can take many forms, including the use of anti-dumping and countervailing duties, safeguards, national security measures, and discretionary trade measures. Protectionist measures can also include discriminatory or highly restrictive regulations. Which tools are best suited to respond to these varied forms of protectionism in a manner that is minimally disruptive of trade while still being effective in inducing trade-liberalizing policy changes by one's trading partners? What are the strategic advantages and drawbacks of addressing an irritant through a dispute in an FTA or the WTO, bringing it up in a WTO committee, or seeking to remove it through new negotiations, or retaliation?
Nicolas Lamp
- 12:00 **Lunch**
Protectionist present
What is going on in Washington, and why?
Jennifer Hillman
- 2:15 **Rules of Origin: The New Old Protectionism**
While rules of origin are essential for determining who benefits from any preferential agreement, how can negotiators mitigate the protectionist intent of seemingly technical provisions?
Andrew (Sandy) Moroz
- 3:00 **Break, and second small group seminar**
- 4:15 **Trade policy communications and consultation**
With rising economic anxiety, how do we maintain public support for trade as part of an inclusive agenda? How much transparency is needed, and when? How should we consult non-traditional stakeholders? How do we build support in partner countries for trade with Canada?
Velma McColl
- 5:00 **The inclusive trade agenda and economic uncertainty**
Pursuit of an inclusive trade agenda is an essential element of a response to current protectionist pressures and will become ever more critical in the years ahead as new technologies such as artificial intelligence and advanced robotics rapidly alter the skills composition of jobs, prospects for different occupations and the very nature of work itself.
Margaret Biggs

Tuesday October 23

- 8:30 **Effective trade rules must rely on well/defined and objective standards**
The SPS Agreement makes explicit reference to scientific evidence to recognize legitimate measures. But whose science? Under what condition or timeframe was the scientific evidence generated? The session will explore the challenges of addressing non-tariff measures and the role of science in that context.
Gilles Gauthier
- 9:15 **Why workers worry about trade agreements**
Worrying about trade is not always protectionism. How should negotiators think about workers' concerns about the impact of trade agreements on domestic policy?
Angella MacEwen
- 10:00 **What uncertainty means for my business**
Trade uncertainty is harmful for any business, but it is especially harmful for export-dependent firms that use imported intermediate inputs.
Peng Sang Cau
- 10:15 **Break**
- 11:00 **Lost in the crossfire: the importance of services trade**
How can we advance services liberalization, taking into account the growing importance of services and the significant changes in the world economy, including growing data flows and services embedded in goods? This session will start with the framework that NAFTA set for services trade a quarter century ago as a basis for considering more recent developments such as the CPTPP and the potential TiSA. What is needed now to bring trade rules into the 21st century?
Sherry Stephenson
- 11:45 **Lunch**
- Looking to the Future**
The changing nature of 21st century trade creates an extensive agenda, but innovative approaches to trade negotiations and agreements will be needed.
Bernard Hoekman
- 1:45 **Still learning about digital trade**
Canada's trade agreements have contained e-commerce chapters for years, but they have been evolving rapidly as negotiators learn about the problems to be addressed,. Privacy provisions illustrate the tension between liberalization and other policy objectives, and between aspirational and obligatory language in trade agreements.
Robert Wolfe
- 2:30 **Break and Third small group seminar**
- 3:45 **Responding to the challenge of trade negotiations in an era of uncertainty**
Canadian negotiators face a new challenge in an environment in which we cannot assume that our partners share trade liberalization objectives. The concluding session will be a moderated exchange of views on the priorities identified in the small group sessions.
Steve Verheul
- 5:00 **Workshop ends**

Speakers

Margaret Biggs

Matthews Fellow in Global Public Policy, School of Policy Studies, Queen's University; former President, CIDA

Chad P. Bown

Reginald Jones Senior Fellow, Peterson Institute for International Economics

Peng Sang Cau

President and CEO, Transformix Engineering Inc., Kingston

John M. Curtis

Senior Fellow C.D. Howe Institute; Founding Chief Economist, Global Affairs Canada

Gilles Gauthier

Former Minister (Economic), Embassy of Canada, Washington; former Chief Agriculture Negotiator, Agriculture and Agri-Food Canada

Jennifer Hillman

Former Member, WTO Appellate Body; Professor from Practice, Georgetown Law

Bernard Hoekman

Professor and Director, Global Economics at the Robert Schuman Centre for Advanced Studies, European University Institute

Nicolas Lamp

Assistant Professor, Faculty of Law, Queen's University

Beverly Lapham

Professor, Department of Economics, Queen's University

Angella MacEwen

Senior economist, Canadian Labour Congress

Velma McColl

Principal, Earnscliffe Strategy Group

Andrew (Sandy) Moroz

Former Director, Tariffs and Goods Market Access Division, Global Affairs Canada

Don Stephenson

Chief Negotiator, Canada-India; former Assistant Deputy Minister, Trade Policy and Negotiations, Global Affairs Canada

Sherry Stephenson

Senior Fellow, ICTSD; former Senior Advisor for Services Trade at the OAS in Washington D.C. and Director of the Trade Department

Ari Van Assche

Associate Professor, Department of International Business, HEC Montréal and Research Fellow, Institute for Research on Public Policy

Steve Verheul

Assistant Deputy Minister, Trade Agreements and Negotiations, Global Affairs Canada

Robert Wolfe

Professor Emeritus, School of Policy Studies, Queen's University and Research Fellow, Institute for Research on Public Policy