

15th Annual

Queen's Institute on Trade Policy



Towards a Trade Strategy for the Indo-Pacific Region



October 24 - 26, 2022



Queen's
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POLICY
STUDIES

Queen's Institute on Trade Policy 2021

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The world economy's centre of gravity is shifting inexorably towards the Indo-Pacific Region. Home to three of the world's most populous countries—China, India, and Indonesia—the rise of the region's middle class stands out as the proudest achievement of the past three decades of globalization and has created a highly lucrative consumer market. Moreover, the region plays a central role in many global supply chains. In recent years, China has joined South Korea, Singapore, Taiwan, and Japan among the most innovative economies in the world.

However, the region is attracting attention not only due its economic potential; it has also become a site where the major economic powers compete over ideological allegiance, political influence, and technological pre-eminence. From the United States' attempts to deny Chinese companies access to the most advanced semi-conductors, to US and European efforts to bring India firmly into the Western camp, to China's aspirations to use the Belt-and-Road initiative not just to deepen trade ties in the region but also to lock in Chinese technical standards, strategic and economic considerations are inextricably intermingled.

This competition takes place against the backdrop of upheaval in trade policy more generally, as some of Canada's trading partners are increasingly questioning the bedrock assumptions and principles that have underpinned Western trade policy for the past decades, from the benefits of open trade to the importance of multilateral trade rules. The United States' increasing scepticism of the benefits of trade liberalization means that it is disinterested in rejoining the Comprehensive and Progressive Agreement on Trans-Pacific Partnership or in engaging in new market access negotiations as part of its proposed Indo-Pacific Economic Framework. And while the European Union remains committed to the multilateral system, it has been pursuing a more autonomous path on issues from carbon border adjustments to supply chain resilience. Canada's trading partners increasingly see trade policy as a means to pursue a broad range of policy objectives, from strengthening worker rights and increasing resilience to safeguarding national security and addressing the climate crisis, and are employing a variety of tools, including unilateral instruments and new forms of strategic and regulatory cooperation, to pursue them.

The purpose of the 2022 Queen's Institute on Trade Policy is to enhance the participants' understanding of these developments and of their implications for the design of a Canadian trade strategy for the Indo-Pacific region. The first part of the Institute will focus on the economic fundamentals of Canada's trade relationship with the region and will explore the challenges that Canadian firms will need to overcome in engaging more deeply with trading partners in the region. The second part will discuss the elements of a negotiating agenda and will highlight key themes that Canadian officials will need to address in negotiations with its partners in the region. The third part will discuss the multiple dimensions of the work of a trade negotiator.

Agenda

Monday, October 24

2:45 Introduction to the Institute

The presentation will provide an overview of the Institute and introduce the broader context in which Canada's economic engagement with the Indo-Pacific region unfolds. That context is marked by a backlash against economic globalization, particularly in the United States, and a reorientation of trade policy away from trade liberalization and towards the pursuit of various other policy objectives, such as resilience, sustainability, and national security.

[Nicolas Lamp](#), Director, Queen's Institute on Trade Policy; Associate Professor, Faculty of Law, Queen's University

Part I: Setting the Scene

3:30 What are the Obstacles that Firms Confront in the Indo-Pacific Region?

The presentation will introduce firm-level trade theory as a means of conceptualizing the obstacles that firms confront in expanding their trade in the Indo-Pacific region.

[Beverly Lapham](#), Professor, Economics Department, Queen's University

4:15 Break

4:30 The Economic Potential of Trade Integration with the Indo-Pacific Region

The presentation will examine what we can learn from economic models about the potential gains from trade integration with the Indo-Pacific Region. It will also survey practical ways through which trade agreements can help Canadian firms realize those gains. The presentation will give particular attention to the concepts of trade costs, as well recent attempts to reduce those costs through trade facilitation.

[Robert Koopman](#), Distinguished Practitioner in Residence, School of International Service, American University; former Director, Economic and Research Division, World Trade Organization

5:15 Engaging with China in the Indo-Pacific Region

[Yeling Tan](#), Assistant Professor, Political Science, University of Oregon

6:00 End of the day and departure for dinner venue

7:00 Dinner and Evening Keynote: India's Role in the Future Trade Architecture of the Indo-Pacific Region

[Ujal Bhatia](#), former Member, WTO Appellate Body; former Ambassador and Permanent Representative of India to the WTO

Tuesday, October 25

9:00 Understanding Supply Chains in the Indo-Pacific Region

Supply chains in the Indo-Pacific region have been the focus of intense scrutiny in recent years, as governments attempt to remould them to achieve strategic and political objectives, while businesses must navigate a new set of risks, from pandemic restrictions to deepening geopolitical fault lines. The presentation will survey the various pressures on supply chains in the region and examine whether and how they are changing.

[Ari Van Assche](#), Professor, HEC Montreal

Part II: Elements of a Negotiating Agenda

9:45 Data and Digital Services

Data flows, e-commerce, and trade in digital services are central to discussions about the future of trade relations in the Indo-Pacific region. They not only present significant economic opportunities, but also represent one of the central strategic battlegrounds among the major economic powers. The presentation will survey the various agreements and negotiations bearing on the issue in the region, including the CPTPP, the US-Japan Digital Trade Agreement, the Digital Economic Partnership Agreement, and the US-led Indo-Pacific Economic Framework.

[Mira Burri](#), Senior Lecturer, Faculty of Law, University of Lucerne

10:30 Break and small group seminar on the first pillar

11:45 Agriculture and Food Security

Agriculture has long been among the most contentious trade issues in the Indo-Pacific region. Negotiations in the World Trade Organization over further reductions to agricultural domestic support by the major subsidisers have been stalled since 2008, and deep disagreements about public stockholding for food security purposes has kept agriculture out of the package concluded at the WTO's 12th Ministerial Conference. The global food crisis triggered by high energy prices and aggravated by Russia's war against Ukraine has made the future of global agriculture an existential challenge for the international community. The presentation will survey efforts to address the food crisis and discuss the long-term outlook for the regulation of agricultural trade in the Indo-Pacific region.

Ken Ash, former Director, Trade and Agriculture Directorate, OECD

12:30 Lunch

1:00 Lunch keynote: Addressing Economic Distortions in the Indo-Pacific Region: The Role of Industrial Subsidies and State-Owned Enterprises

China's allegedly trade-distorting practices have been a central point of contention in the US-China trade war, prompting proposals to reform subsidy rules and tighten restrictions on state-owned enterprises to discipline China's model of state capitalism more effectively. Industrial subsidies and state-owned enterprises also play an important role in many other economies in the Indo-Pacific region. The presentation will present the OECD's work to identify the role of subsidies and state-owned enterprises in supply chains in the region and will survey the discussions taking place in various fora to reduce distortions in the world economy.

[Julia Nielson](#), Deputy Director, Trade and Agriculture Directorate, OECD

2:15 "What's in it for them?" Making Labour and Environment Chapters Attractive for Trading Partners in the Region

Even as efforts to strengthen labour rights and environmental standards are becoming central to the trade agenda of Western governments, they are still seen with suspicion by many in the Global South. The presentation will survey the policies and practice on labour rights and the environment in trade agreements as they have evolved over the years and will discuss whether shift to sanctioning firms, rather than states, for violations of labour rights and environmental standards holds the potential of a greater alignment of interest among developed and developing country governments in the Indo-Pacific region.

[Kathleen Claussen](#), Associate Professor, University of Miami School of Law

3:00 Break and small group seminar on the second pillar

4:15 Navigating the New Phase of Geopolitical Competition in the Indo-Pacific Region: Australia's Experience

Australia has been the canary in the coal mine for the new phase of geopolitical competition between the China and the West that has been playing out chiefly in the Indo-Pacific region. Australia was the first country to ban Huawei from its 5G network, suffered a collapse in Chinese student inflows that posed an existential threat to its higher education sector, and became subject to broad trade retaliation from China after the Australian prime minister suggested an international probe into the origins of COVID-19. Australia has also been at the forefront of forging military and economic ties in response to these developments, joining with the US and UK to forge the AUKUS defence pact and with India and Japan to form the Quad alliance. The presentation will discuss how Australia has learned to reassess the benefits and drawbacks of economic interdependence in the relationships with its trading partners in the Indo-Pacific region.

[Anthea Roberts](#), Professor, School of Regulation and Global Governance (RegNet), College of Asia & the Pacific, Australian National University

5:00 End of the day

Wednesday, October 26

9:00 Morning keynote: US Trade Policy in the Indo-Pacific Region

[Jennifer Hillman](#), Professor of Practice, Georgetown Law Center

Part III: The Work of a Trade Negotiator

10:00 Developing a Negotiating Strategy

The presentation will focus on how to formulate a trade 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. The presentation will give particular attention to negotiations with developing countries and regional groupings that include both developed and developing countries, such as ASEAN. The presentation will discuss the challenges of negotiating with countries that do not necessarily share Canada's negotiating objectives and will address the question which purpose trade agreements (or other cooperative frameworks) can serve in these circumstances.

Don Stephenson, former Assistant Deputy Minister, Trade Policy & Negotiations

10:45 Break

11:30 Treaties as Data: Leveraging Technology to Support Trade Negotiators

The presentation will showcase how technology can assist negotiators to efficiently handle complex legal information in the context of trade and investment negotiations. By treating treaties as data, analysts can track legal developments over time, compare new clauses to past agreements, and quickly identify points of convergence and divergence in the treaty practice of different states to anticipate disagreements or spot consensus areas. These insights, in turn, allow to scale legal analysis and help better prepare negotiations by streamlining, visualizing, and institutionalizing the management of legal information.

[Wolfgang Alschner](#), Hyman Soloway Chair in Business and Trade Law, Associate Professor, Common Law Section with cross-appointment to the Faculty of Engineering, School of Electrical Engineering and Computer Science, University of Ottawa; head, uOttawa Legal Technology Lab

12:15 Lunch

1:30 Trade Policy as a Tool of Foreign Policy

The objective of trade policy has rarely just been to increase the economic pie; other foreign policy objectives are typically in play as well. However, these other objectives, which range from political influence and ideological alignment to technological competition and cooperation on defence matters, have lately increased in importance, especially in the Indo-Pacific region. The presentation will present the history of trade policy as foreign policy and reflect on what has and has not changed in recent years.

[Robert Wolfe](#), Professor Emeritus, School of Policy Studies, Queen's University

2:15 Break and small group seminar on the third pillar

3:30 Negotiating Environmental Issues in the WTO: Lessons from the Fisheries Subsidies Negotiations

The successful outcome in the negotiations on fisheries subsidies at the World Trade Organization at the WTO's 12th Ministerial Conference holds important lessons for the WTO's ability to address global commons problems that are of central importance to the Indo-Pacific Region. The presentation will discuss the role of countries from the region in the more than two-decades of negotiations in the multilateral trade regime and beyond.

[Alice Tipping](#), Lead, Sustainable Trade and Fisheries Subsidies, International Institute for Sustainable Development

4:15 Presentation by a Senior Official

The concluding session will provide an opportunity for an exchange of views with a senior official on the subject of the Institute.

Jay Allen, Director General, Trade Negotiations, Global Affairs Canada

5:00 Institute ends