

12th Annual

Queen's Institute on Trade Policy



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A photograph of a person wearing a full white protective suit, a hood, and a green respirator mask with a blue filter. The person is standing in a large outdoor area filled with stacks of colorful shipping containers (red, yellow, blue, green) under a cloudy sky. The image is framed by a white, house-shaped cutout.

Trade Rules for the Pandemic and Its Aftermath

November 23 - 27, 2020

Queen's
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SCHOOL OF
POLICY STUDIES

Queen's Institute on Trade Policy 2020

- Delivered online via Microsoft Teams -

November 23 - 27

Trade Rules for the Pandemic and Its Aftermath

The pandemic caused by the novel coronavirus will shape the economic policy landscape for the foreseeable future. Governments around the world have taken action on an unprecedented scale to stop the spread of the virus, ensure the availability of essential supplies, and help firms and their workers survive the shutdown of large sections of the economy. This year's Institute on Trade Policy will cover the immediate tasks for trade policy presented by the emergency, the long-term trends that the pandemic has unleashed or accelerated, and the tools that trade officials have at their disposal to respond to and shape these developments.

The months following the outbreak of the novel coronavirus saw a proliferation of export restrictions on medical goods. Government restrictions on economic activity also had a large indirect impact on international trade: international travel slowed to a trickle as borders were closed and hundreds of millions of tourists, international students, and business travelers were forced to stay put. These restrictions have not only made some forms of trade impossible, but also increased the general cost of conducting trade in both goods and services. At the same time, governments have poured vast amounts of funds into the economy to keep businesses afloat. These developments present immediate tasks for trade officials, most prominently to monitor and—responsibly—roll back restrictions and financial emergency assistance that may have trade-distortive effects.

The pandemic also affects the existing agenda. Digital trade is rising in importance as ever more economic activity moves online—a trend that accentuates the need for new rules on e-commerce and the cross-border transfer of data. The global race to develop a vaccine for the coronavirus will increase scrutiny of intellectual property protections in trade agreements, as governments consider the need for compulsory licensing not only for their own markets, but also to export to countries without pharmaceutical manufacturing capacity. And the increased emphasis on the “resilience” of supply chains and demands to ensure domestic capacity to produce “essential goods” could portend greater government involvement in the economy. Renewed interest in resilience will put rules on subsidies and government procurement into the spotlight. Finally, the economic changes wrought by the pandemic will interact in myriad ways with the climate crisis.

The 2020 edition of the Institute will prepare participants to address these challenges. A first set of presentations will outline the evidence on the trade-implications of the pandemic as well as the pandemic's impact on long-run trends. A second set of presentations will examine how existing trade rules have fared in the response to the crisis and whether there is a need for reform. A third set of presentations will explore how trade officials can build an international trade regime that can accommodate and shape the long-run trends of digitization, increased state involvement in the economy, and climate change.

Agenda

(All sessions will be delivered online via Microsoft Teams)

Monday, November 23

9:00 Introduction to the Institute

The presentation will provide an overview of the Institute and introduce the major questions for trade policy raised by the pandemic.

Nicolas Lamp, Director, Queen's Institute on Trade Policy; Assistant Professor, Faculty of Law, Queen's University

9:45 Overview of the Current Trade Landscape

This presentation will discuss the impact of the pandemic on global trade and on Canada's trade performance.

Stephen Tapp, Deputy Chief Economist, Export Development Canada

10:30 Break

10:45 Anatomy of Trade Restrictions in the Wake of the Pandemic

The presentation will provide an overview of the trade restrictions, as well as trade liberalizing measures, that countries have implemented in response to the pandemic.

Simon Evenett, Professor, Swiss Institute for International Economics and Applied Economic Research, University of St. Gallen

11:30 Lunch Keynote: What Makes a Supply Chain Resilient?

The pandemic has propelled the concept of "resilience" to the forefront of discussions about globalization. Three options for making supply chains more resilient are typically considered: reshoring or nearshoring, diversification, and stockpiling. The keynote will address the question whether these options offer viable pathways towards more resilient supply and discuss alternative strategies that governments and companies can adopt.

Sébastien Miroudot, Senior Trade Policy Analyst, OECD Trade and Agriculture Directorate

12:15 Small Group Seminar

1:00 End of day

Tuesday, November 24

9:00 Trade Costs and Firm-Based Trade Theory

In addition to causing direct demand and supply shocks, the pandemic has also had an indirect impact on trade, by increasing the cost of engaging in international trade. The presentation will discuss the effects of the pandemic on trade costs and provide theoretical background for understanding how increased trade costs impact the ability of firms to participate in international trade.

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

9:45 Reconfiguring Supply Chains in an Era of US-China Conflict

The presentation will consider the reconfiguration of supply chains that is taking place in light of the escalating trade conflict between the United States and China. Companies are no longer exiting China only to avoid US tariffs. The broadening US sanctions against companies that use Chinese inputs will force a broader reassessment of supply chains and could lead to a decoupling of Chinese and US supply chains.

Ari Van Assche, Professor, HEC Montreal

10:30 Break

10:45 Managing and Monitoring Emergency Measures during the Pandemic

The presentation will discuss the opportunities for information exchange, consultations and learning provided by the institutional mechanisms of trade agreements, especially by the WTO's councils and committees. It will focus in particular on how WTO monitoring kept track of the flurry of trade restrictions during the pandemic and will discuss the lessons that WTO Members can learn from the experience.

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

11:30 Lunch keynote: The View from Washington – US Trade Policy in a Post-Pandemic World

The keynote will discuss the outlook for US trade policy in the wake of the US presidential election, including the prospect for Canada-US economic relations, the likely direction of China-US trade relations, and the implications for WTO reform.

Jennifer Hillman, Senior Fellow for Trade and International Political Economy, Council on Foreign Relations (tbc)

12:15 Small Group Seminar

1:00 End of day

Wednesday, November 25

9:00 **Morning keynote: The Evolution of China's Economic Policy and Trade Strategy**

The debate about how to re-energize trade in the wake of the pandemic unfolds against the backdrop of deteriorating trade and political relations between the West and China. Apart from China's sometimes aggressive tactics in bilateral trade relations, a broader question looms over China's future role in international trade, namely, the question of whether China's economic model is compatible with a liberal trade regime. Put more concretely, are the protections provided by WTO law sufficient to allow Canadian companies to engage with their Chinese competitors on a level playing field, or is the more aggressive 'decoupling' agenda advocated by the Trump administration warranted? In order to equip participants to answer these questions, the keynote will sketch the trajectory of China's economic policy and trace the evolution of its trade strategy.

Simon Rabinovitch, The Economist

9:45 **Rethinking Trade in Medicines and Medical Supplies**

The presentation will first discuss the legality of the export controls and other measures adopted by countries to secure medical supplies in the initial months of the pandemic. It will then address the question of whether we need new rules to ensure a more equitable and predictable supply of medical products in the future, for example in the form of a plurilateral agreement among WTO Members

Kathleen Claussen, Associate Professor, University of Miami School of Law

10:30 **Break**

10:45 **Do Trade Rules on Intellectual Property Represent an Obstacle to Global Access to a Coronavirus Vaccine?**

The development of an effective vaccine against the coronavirus represents the best hope for ending the coronavirus pandemic. However, even if an effective vaccine is developed, making the vaccine accessible to a sufficiently large share of the global population to achieve herd immunity will not just present an unprecedented logistical challenge, but will also implicate the intellectual property protections enshrined in trade agreements. Governments may need to consider issuing compulsory licenses for the vaccine. The presentation will offer an overview of the international trade rules on intellectual property that provide the framework under which a coronavirus vaccine will have to be produced and disseminated.

Frederick Abbott, Edward Ball Eminent Scholar Professor of International law, College of Law, Florida State University

11:30 **Agriculture: The State of Trade and Prospects for Reform**

Agricultural supply chains became a focus of attention during the coronavirus pandemic, but there are broader challenges for Canadian agricultural trade. Canadian agricultural producers have to adjust to the strictures of the CUSMA and the strained trade relations with China. The presentation will survey these challenges and suggest avenues for progress in agricultural trade reform.

Joseph Glauber, Senior Research Fellow, International Food Policy Research Institute, Washington, DC

12:15 **Small Group Seminar**

1:00 **End of day**

Thursday, November 26

9:00 **The Rise of Digital Trade: The Role of E-Commerce and Data in the Pandemic and Beyond**

The pandemic has further increased the importance of digital technologies in the global economy. This has added urgency to negotiations on e-commerce in the WTO and highlighted the importance of rules regarding the cross-border transfer of data. Among economic interests and privacy concerns, national security considerations are playing an ever more prominent role in the regulation of the digital economy.

Mira Burri, Senior Lecturer, Faculty of Law, University of Lucerne

9:45 **Do We Need New Rules on Subsidies in an Age of Industrial Policy?**

The WTO rules on subsidies have been a central point of contention in the US-China trade war, prompting proposals by the “trilateral” group (United States, European Union, and Japan) to reform the rules to discipline China’s model of state capitalism more effectively. The coronavirus pandemic has added a new twist to these discussions, as Western governments have expended trillions to keep companies afloat. More long-term, the pandemic has sparked renewed interest in a more active industrial policy in the West, be it to shore up manufacturing employment, reshore supply chains to increase their resilience, or accelerate the transition to a more sustainable economy. The presentation will discuss whether the rules designed in the 1980s can accommodate these diverse interests and ambitions for subsidies regulation.

Julia Nielson, Deputy Director, Trade and Agriculture Directorate, OECD

10:30 **Break**

10:45 **Government Procurement: Trade vs. Socio-Economic Policies**

Along with subsidies, government procurement is one of many tools that governments have at their disposal to shape markets and support particular industries and producers, as well as advance socio-economic objectives. For example, in the United States, there appears to be an increasing bipartisan consensus to use “Buy America” provisions in this vein. The presentation will provide an overview of the rules applicable to government procurement and how these can be at odds with domestic policies that governments wish to advance. The presentation will also discuss how trade officials can help Canadian companies maintain access to the most important procurement markets in the world economy.

Dany Carriere, former Director of Trade Negotiations, Global Affairs Canada

11:30 **Lunch Keynote: Addressing Climate Change in Trade Agreements**

Climate change is the greatest policy challenge of our time and will likely play an ever more important role in the development of trade policy. Discussions about a Green New Deal in the United States and a Green Deal in the European Union as well as China’s massive investments in renewable energy technologies and electric mobility underscore the increasing centrality of climate change to economic policymaking in Canada’s main trading partners. How do policies that are designed to mitigate climate change interact with international trade obligations? How can trade agreements best contribute to climate change mitigation – by liberalizing trade in green goods, facilitating the diffusion of green technology, or disciplining fossil fuel subsidies?

Carolyn Fischer, Canada 150 Research Chair in Climate Economics, Innovation and Policy, University of Ottawa

12:15 **Small Group Seminar**

1:00 **End of day**

Friday, November 27

9:00 **The Canadian Free Trade Agreement and Interprovincial Trade**

Canadian companies will become more competitive internationally if they are able to compete more freely within Canada. Moreover, internal trade liberalization could provide a welcome boost to the Canadian economy as it recovers from the impact of the coronavirus pandemic and many obstacles to international trade remain in place. The presentation will cover the most important obstacles to internal trade and discuss options for their removal, including by drawing lessons from international trade liberalization.

Trevor Tombe, Associate Professor, Department of Economics, University of Calgary

9:45 **The Need for Post-Pandemic Trade Facilitation: Improving T and B Branch Cooperation**

In order to negotiate agreements that facilitate trade, negotiators need to know which challenges businesses confront “on the ground”. Canada’s trade commissioners have first-hand knowledge of these challenges. Conversely, trade commissioners need to be familiar with the opportunities offered by trade agreements so that they can help their clients take advantage of those opportunities. The panel will discuss best practices for communication and cooperation between the T and B branches of the Global Affairs Canada.

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10:30 **Break**

10:45 **Developing a Negotiating Strategy: How Do We Get Any of This Done?**

The presentation will focus on how Canada should articulate its strategy, including defensive vs offensive interests, and linkages with other issues, in the post-Pandemic trade environment. It will further discuss how Canada can leverage its existing agreements to achieve its trade policy objectives. The presentation will give particular attention to negotiations with developing countries and regional groupings that include both developed and developing countries, such as ASEAN.

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

11:30 **Small Group Seminar**

12:15 **Discussion with Senior Officials**

The concluding session will provide an opportunity for an exchange of views with senior officials on the trade policy response to the pandemic. The participants will present the views of their seminar groups on the key challenges that the pandemic poses for trade policy.

Kendal Hembroff, Director General, Trade Negotiations, Global Affairs Canada

Arun Alexander, Director General, North America Trade Policy Bureau

1:00 **Institute ends**