

Globalization and technological change: what trade rules for the future?

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Some trade policy reflections

1. The Future of Europe debate: what could it mean for EU trade policy?
2. Trade rules and disruptive technologies:
 - What is wrong with Trade Policy 1.0?
 - the need for a Trade Policy 2.0 approach

The #FutureofEurope: what kind of trade policy?

1 March – President Juncker publishes the White Paper on the Future of Europe



"Who does what is not well enough explained and the EU's positive role in daily life is not visible if the story is not told locally."

p.12

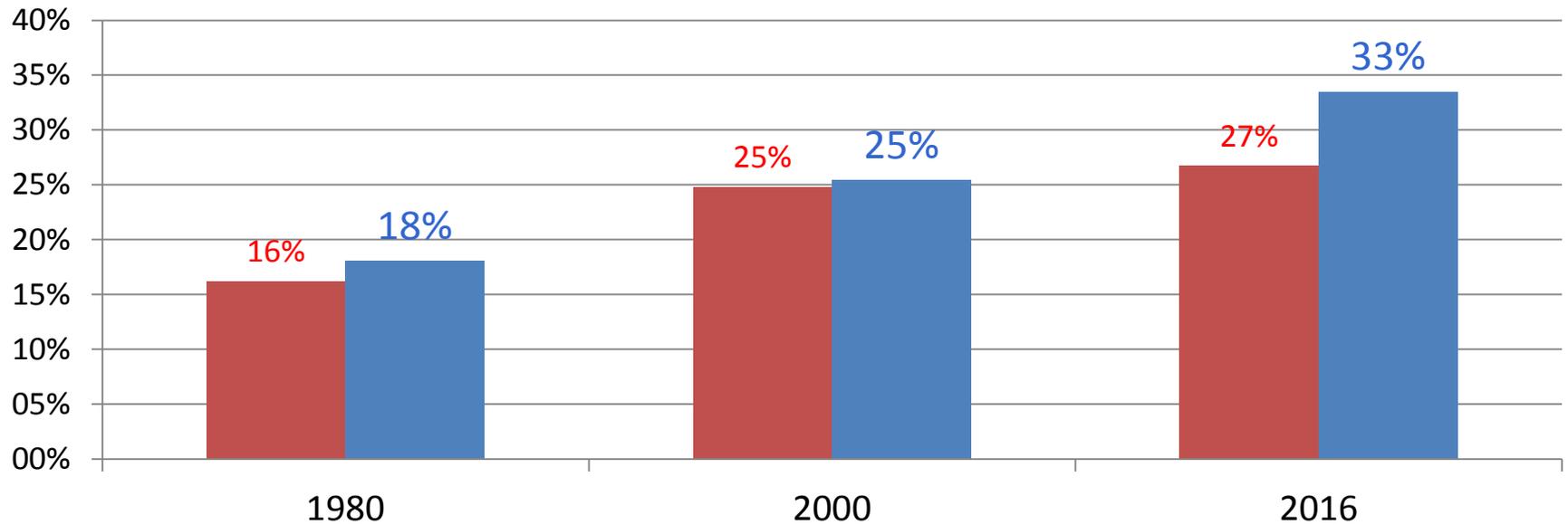
"Traditional trade policy can be enhanced by a 'trade policy 2.0' approach. If firm-level trade statistics were used more systematically, trade policy could also come to your town, not just politicians during electoral campaigns."

*Talking trade in the post-truth era:
Bringing the numbers that matter
07 February 2017*

Trade openness is critical for the EU economy

Trade as a share of GDP

■ US ■ EU



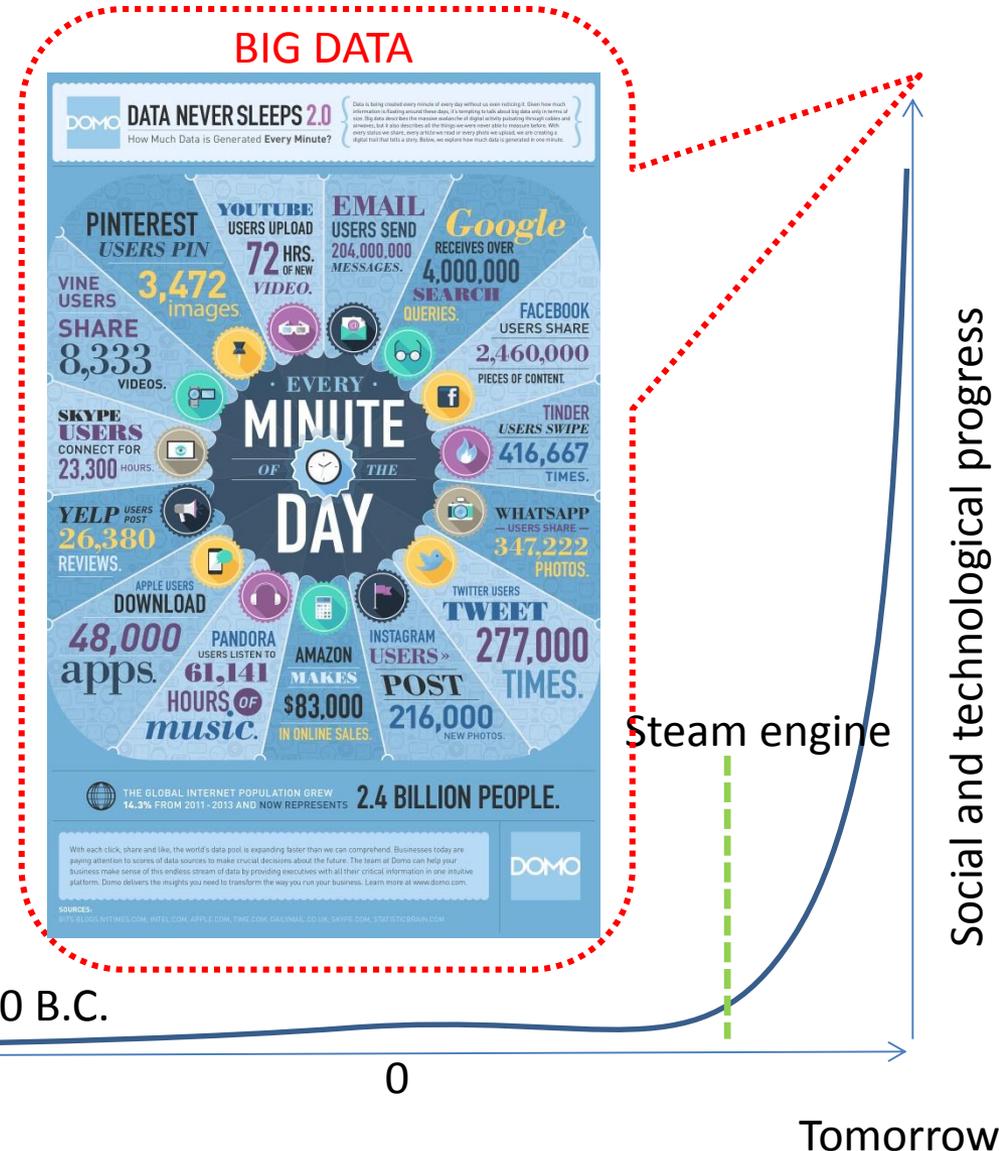
What is wrong with Trade Policy 1.0?

- Several reasons why the way we talk trade these days doesn't cut ice anymore
- People need detailed information (at local level) they can relate to: this is true for citizens, firms and politicians
- Need to take evidence-based trade policy to another level: Trade Policy 2.0 approach

Technological progress: can trade policy keep up with new realities?

BIG QUESTIONS

- Incredible, fast technological progress: does it need a new trade policy response?
- WTO: DDA negotiations in an impasse for a long time. What's next?
- Global supply chains: do typical FTAs offer a good policy response?
- Mega-FTAs for 21st century: how ambitious and forward-looking?
- How about a upgraded Trade Policy 2.0?



History of humanity

2000 B.C.

0

Tomorrow

Shipping a parcel: the trade "big data"

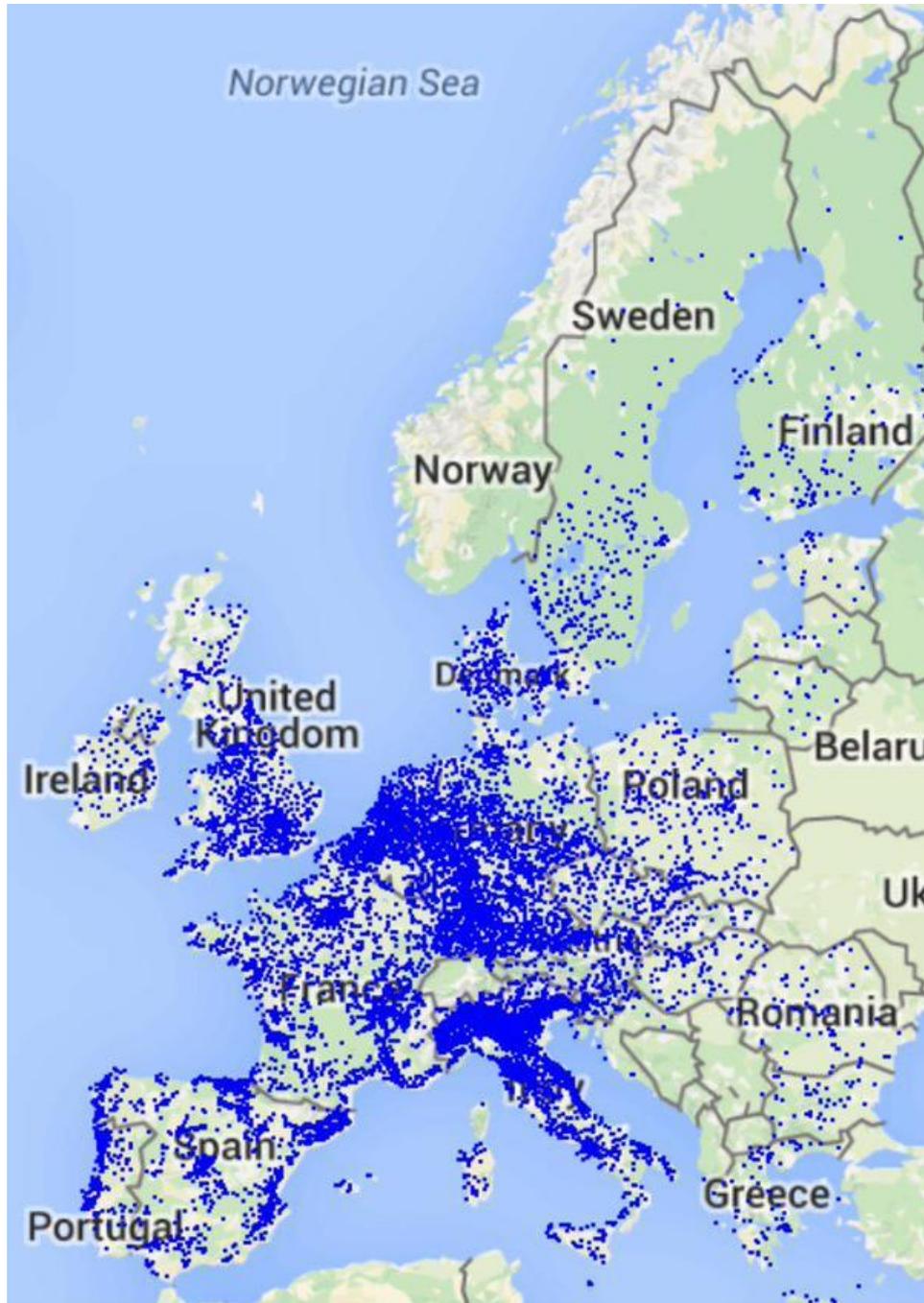


"Trade Policy 2.0": cui bono?

- Firm-level data has **already** made a difference:
 - poised to make major inroads in economics
 - led already to major improvements in the efficiency of corporate decisions and public policies
- The "prime suspects" in trade policy making:
 1. **optimizing FTA negotiations**
 - sensitive tariff lines in bilateral or plurilateral negotiations
 - detailed NTB work – see example later
 2. **optimizing FTA implementation**
 - How good are our FTAs? Firm-level evidence. Ask me about it!
 3. **other non-negotiating areas:**
 - WTO trade disputes
 - autonomous measures (TDI, processing trade, FTZs, etc.)
 - trade monitoring (e.g., wastes, narcotics, chemical weapons, ozone layer depleting substances, endangered species, timber, diamonds, conflict minerals, etc.)
 4. **"Trade policy and you":** civil society support, democratic legitimacy and politics of trade, jobs, etc.

Advocacy: seeing is believing

- Trade Policy 1.0 relies on CGE macroeconomic estimates (GDP, exports, etc)
- But nobody relates personally to a 0.x% of change in GDP or with x billion euros of extra exports
- We need to rely more on detailed facts and (probably) less on estimates.
- In Trade Policy 2.0 we can:
 - **highlight concrete examples of actual exporters' profiles**
 - **make a link between trade, employment and SMEs,**
 - **get concrete feedback from actual exporters, provide real time notifications, etc.**



"Nations do not trade;
It is firms that trade."

This simple truth makes it clear that understanding the firm-level facts is essential to good policy making in Europe."

*Thierry Mayer
and Gianmarco Ottaviano*

To conclude

- *Countries don't trade, firms do!*
- Logistics firms are the backbone of successful trade performance
- A Trade Policy 2.0 approach would bridge the gap between trade rules and new business realities
- Winning the hearts of trade sceptics may require more but this is hopefully a good start