

Survival of the Flattest

The Evolution of Trade Policy Post
Uruguay

A brief history

- Before Uruguay Round Agreement on Agriculture, agricultural trade was not truly integrated into the multilateral rules based system
- Post Uruguay Agriculture has its own chapter, unique rules

A brief history

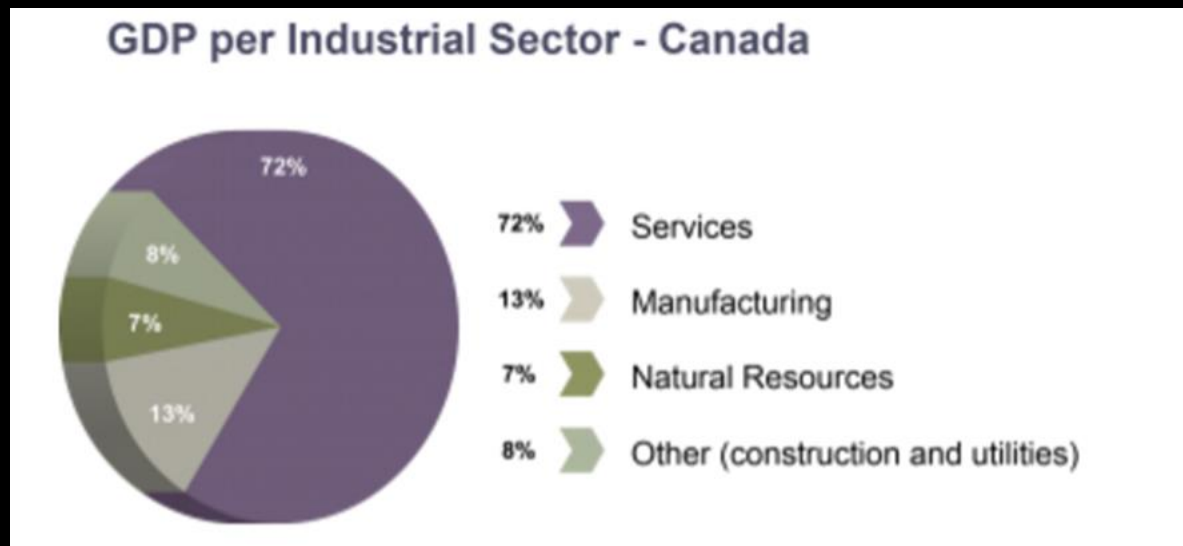
- Major bilateral FTA's and other agreements have opened some regional agriculture markets
- CUSTA, NAFTA, EU
- Failure of World Trade Organization Doha Round

A Brief History

- Up to this point agricultural trade policy and negotiations have been focused on tariffs and “typical” non-tariff barriers
- With e-commerce, global supply chains, intellectual property, services, increased movement of people, highly mobile capital (i.e. globalization) a traditional focus on goods is insufficient

21st Century Trade Policy

- Services are an increasingly important component of the economy



21st Century Trade Policy

- Embryos – a good with services embedded – genetic selection, herd management and services attached – implantation
- Can technician enter the importing country easily?
- Can you establish a subsidiary in the export market?

21st Century Trade Policy

- Trade policy now encompasses trade facilitation (customs, inspections, etc), investment laws, procurement, movement of people, services, competition laws, IP
- Under increased scrutiny by a variety of groups (export industries, sensitive sectors, civil society)

21st Century Trade Policy

- Recent trade deals reflect this complexity
- Canada-EU Comprehensive Economic and Trade Agreement (CETA)
- Trans-Pacific Partnership

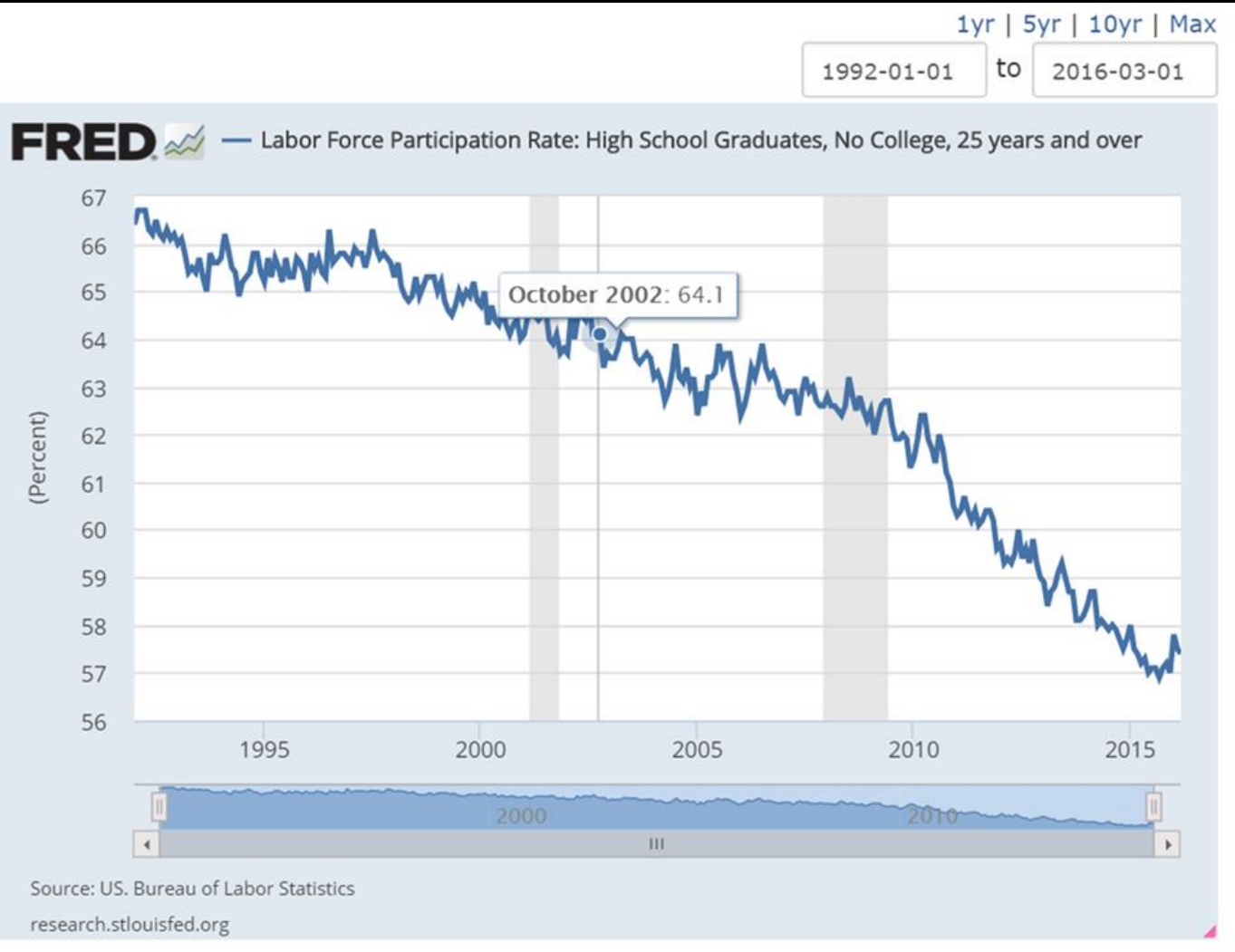
Why so hesitant?

- Most analyses agree TPP is beneficial to Canada
- Why hasn't federal Government endorsed it when it enthusiastically endorses CETA?
 - Without US ratification there is no TPP. If US ratifies Canada will
 - May be strategic reasons to ratify ahead of US if it can help strengthen case for ratification there

Why so glum?

- Public support for trade deals is at a low point, particularly in US
- Long-standing suspicion of trade
- Benefits are widely dispersed, costs are concentrated and visible

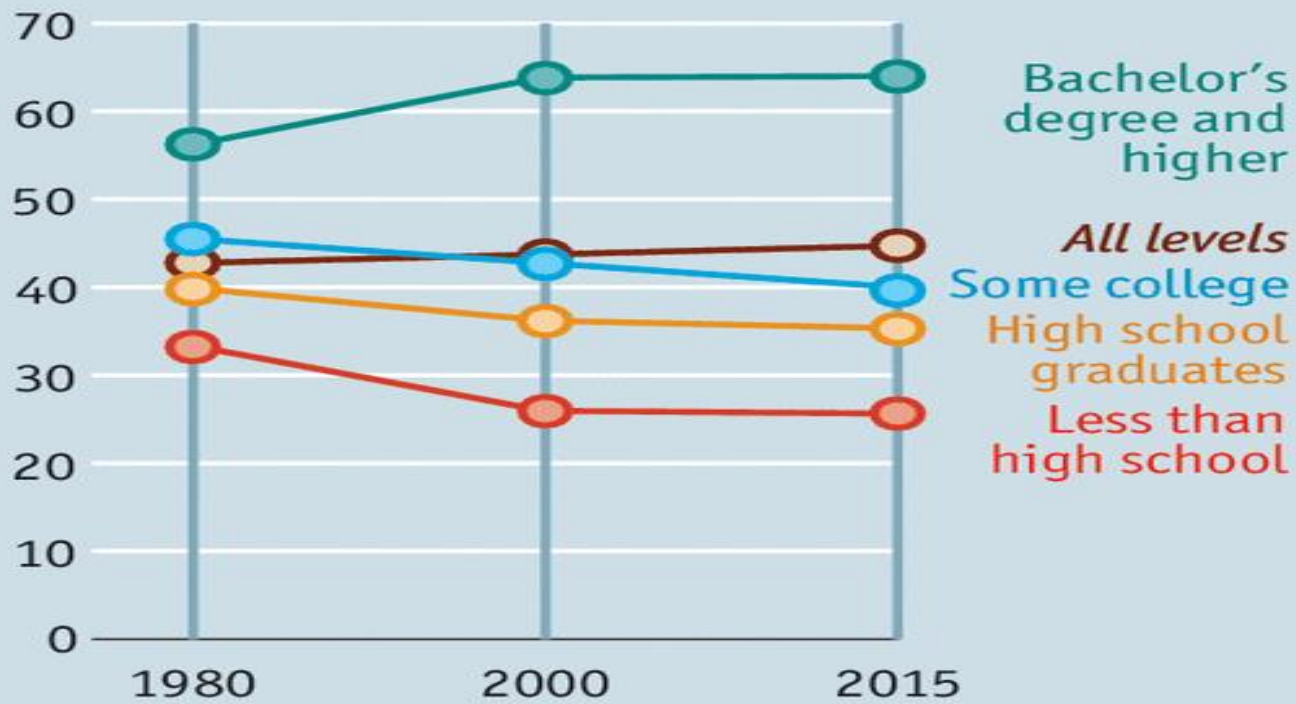
Why so glum?



Why so glum?

The gap

Median annual earnings, by educational level*
2015 prices, \$'000



Source: BLS

* Adults 25 and over

Why so glum?

- Globalization and technological change displace lower skilled, lower educated workers
- Data from US shows that they do not tend to retrain or move to areas of higher employment
 - Drop out of workforce (disability benefits)
 - Barriers to mobility (e.g. underwater mortgage)

What to do?

- Need to place trade policy in the context of wider economic policy
- Need to honestly recognize that there are “winners” and “losers”
- Develop policy to assist those displaced by globalization or technological change

What to do?

- Ideas:
 - Strong public education system (primary, secondary and post-secondary)
 - Change Employment Insurance to address barriers to retraining and mobility
 - Moving, rent assistance
 - Guaranteed Annual Income
 - Compensation
 - Productivity enhancement

What to do?

- As economies continue to open and grow more inter-linked, benefits of trade become harder to quantify, model
- Can negotiate these more complex deals but how do we explain why they are necessary and how they benefit the nation

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