

Trading in trade ideas

THE LAUNCH OF THE TRADE KNOWLEDGE EXCHANGE HUB

We discuss with Michael Ridge, a director in the Public Policy practice at Frontier Economics, the creation of the Trade Knowledge Exchange, a network organisation with expertise in trade policy, analysis and negotiations

What is the Trade Knowledge Exchange (TKE)?

We want to position TKE as a knowledge hub that provides objective and accurate analysis of trade policy issues. We will have a specific focus on Brexit, but that doesn't mean we will focus only on the UK-EU relationship. In fact, one of the likely consequences of the UK leaving the EU is that it will have the opportunity to develop its own trade policy vis-a-vis the rest of the world. It's important, therefore, to view UK policy issues in the context of the global trading system.

This is obviously an ambitious task so we have partnered with a number of leading organisations that focus on trade policy. These are the UK Trade Policy Observatory at Sussex University, the Centre for Trade Policy and Law in Ottawa, the International Centre for Trade and Sustainable Development in Geneva, the Export Council of Australia, and Saana Consulting in London.

The initiative will be formally launched on 18 January 2018 in London, where Pascal Lamy, former EC trade commissioner and former director-general of the WTO, will be the keynote speaker. The website link is www.trade-knowledge.net.

Why develop a web platform on trade?

Brexit has cast the spotlight on trade in a new way. People are beginning to realise that trade rules don't just cover cars, iPhones or beef. They also affect policy and regulation in sectors such as telecommunications and financial services, foreign investment, approaches to competition policy and intellectual property rights. The UK government, the private sector and society more broadly will need to develop a position on these matters, both in relation to the EU and the rest of the world.

The changes affecting the UK and the EU are happening at a particularly important juncture in world trade: the US, traditionally one of the champions of the post-WW2 trading system, has become more isolationist, while China's stance on international trade policy still has many areas of uncertainty. The UK's departure from the EU is likely to have an effect on the EU's approach to trade, an area where the UK has had a very strong liberalising influence. We have already seen a swing to a more inward-looking policy stance. For example, the EU is looking to make it easier for industry to resort to contingent protection measures such as anti-dumping – measures that the renowned trade economist Jagdish Bhagwati once described as the weapons of mass destruction of international trade. The EU has also allied itself to the Trump administration and to Japan in pushing for a more aggressive approach towards China. And French President Emmanuel Macron, who with continued uncertainty in Germany is now the driving political force in the EU, has been vocal about wanting an EU "that protects more".

What's the approach underlying the TKE?

Paul Krugman famously said that if there were an economist's creed, it would include the words "I believe in free trade" and "I understand the principle of comparative advantage". These declarations may have taken a battering over time – indeed, they were in a book Krugman wrote entitled "Is Free Trade Passé?" – but the thinking behind them remains powerful today. Our approach, though, won't

be driven by dogma, but by a desire to apply the theoretical and empirical tools that have evolved to understand the gains from trade.

From a practical point of view, there's a lot of work being done on trade policy, but it tends to be fragmented. Moreover, decision makers may not know how to synthesise such knowledge and turn it into policy and commercial assessments. We aim to provide not only good research, but also research that is policy-relevant.

Trade negotiators have also developed their own jargon over more than half a century. While concepts such as "bindings", "services schedules", "unilateral preferences" and "investor-state dispute settlement" sound pretty arcane, they have real-world impacts. So a lot of our work will be about demystifying trade.

What else is planned alongside the website?

A website is really only one means to an end. So we also plan to hold various events on trade, in conjunction with our partners. The scale of these and the subject matter will vary.

We will also run events that bring together diverse stakeholders – government, the private sector, academics and trade experts – to share insights on the complexities of life after Brexit.



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