



tralac Annual Conference

6 & 7 April 2017

The Table Bay Hotel, V&A Waterfront, Cape Town, South Africa

Background Note

This year's tralac Annual Conference takes place against the backdrop of a global debate challenging accepted trade policy and governance norms of recent decades. Probing questions are being asked about a system which, till recently, was viewed as the logical model for trade and investment governance in an interdependent and inter-connected world. Many commentators now refer to a "crisis in globalisation," noting key disruptors of the *status quo* in international trade policy and governance, in particular the election of Mr Donald Trump as American President and the outcome of the Brexit referendum. Nations are reclaiming their "sovereignty", they assert.

At times the debate draws confused and emotional responses. However, it is not difficult to see why there is discontent when traditional employment opportunities in manufacturing are declining; with robots and artificial intelligence replacing human input in such production processes. Many seek explanations and blame "cheap" imports or foreigners for taking their jobs. Political leaders with populist agendas are gaining support in Europe and elsewhere; while even centrist voices are expressing concerns about the perceived unfairness and lack of inclusivity of the multilateral trading system and more generally, the distribution of winners and losers from globalisation.

At the same time China, despite recalibration of growth expectations, sees new opportunities for becoming an even more dynamic global player. As the United States has

abandoned the Trans Pacific Partnership, Beijing launches plans to build the Free Trade Area of the Asia-Pacific and to create an open, integrated Asia-Pacific economic space. Its strategy is to inject new impetus to economic growth in that region and beyond.

It is clear there are significant shifts in global political economy and power relations underway; and that these require a rethink of global trade and more generally, economic governance models. What are the implications of these developments for the multilateral trading system, as manifested in the rules-based regime of the World Trade Organisation (WTO)? What are the implications of the apparent preference of a Trump administration for bilateral trade deals? How will other WTO members respond? Could this undermine the multilateral trade governance regime, recognising that the enthusiasm for enhancing and augmenting this governance regime has for some time already been decidedly muted. How should we in Africa respond to these developments, and very importantly, what is influencing our own policy, political economy and governance discourse for trade and integration? What opportunities do the Continental Free Trade Area negotiations offer for taking a fresh look at the challenges around us? Our traditional approaches and designs (such as the Abuja treaty) need to be carefully appraised for their validity and appropriateness, as instruments to achieve development outcomes, given contemporary economic, political and social realities. Are policy-makers and governments asking the right questions; who is providing leadership in the African policy and governance discourse? For Africa as well as our global partners, a fundamental question is whether the answer lies in more protectionism, with policy and incentives to focus inward, rather than supporting global investment, production, consumption perspectives and decisions.

And then it is important to recognise the scope, depth and speed of technology change and development; with innovation in the product, service, production process, work and consumption spaces. Unless we correctly assess the scale and nature of these technological developments, as well as social change and expectations, the impact of cheap and immediate information and opinion transmission, as well as shifts in power relationships, we may well misconstrue matters. What really lies behind job losses in traditional manufacturing? Can these be remedied by inward looking, protectionist policies? What drives investment decisions, and specifically investment location decisions? What now defines and influences consumer demand patterns? What are the expectations of women and the youth? Where do key sustainable development concerns about climate change and environment fit in? What is necessary to support effective, inclusive development outcomes?

tralac hopes, through this year's conference, to provide an opportunity for reflection on these matters, and an open and robust engagement, where the right questions can be asked, and popular "explanations" and rhetoric can be recognized. We offer this opportunity not only for the sake of a necessary and stimulating debate, but because the stakes are high. The world economy, and Africa more specifically, is at a set of decision points for far-reaching transformation. This calls for cool heads, realistic expectations, honest assessments, and innovative yet pragmatic solutions, underpinned by the fundamental principles of rules-based governance.

