

## Trade matters

*Responding to tomorrow's challenges of trade governance by building human and intellectual capacity...*

For many years, international trade regulation was largely absent from curricula of legal education. It was hardly dealt with in international law courses and research was limited, at least in law. Globalisation and regionalisation meant the enhancement of education and training from the angles of economics, law and international relations. As a result, the World Trade Institute (WTI) was founded following the conclusion of the Uruguay Round of the GATT and the advent of the World Trade Organization (WTO) in 1995. The institute was established in 1999 to train future practitioners and researchers from all over the world and to strengthen research capacities in an area that increasingly affects people. The financial crisis in 2008 demonstrated the importance of a stable and open multilateral trading system under the auspices of the WTO and organisations and agreements on regional integration.

The WTI is a centre of excellence of the University of Bern, Switzerland, and a forum for interdisciplinary research, training and advisory services in the ever expanding field of international trade regulation. An international and multidisciplinary group of some 50 academics, and 40 students and professionals from the disciplines of law, economics and international relations work at the WTI. The aim is to make a durable contribution to global capacity building in trade governance. The law and policies of the European Union play an important role. In teaching, research and consulting, we aim to contribute to the elaboration of global rules in a widening field, encompassing trade, investment, environmental and human rights concerns.



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*Trade regulation touches upon current issues such as climate change, sustainability and migration*

### Filling the gap: education and research in international trade regulation ([www.wti.org](http://www.wti.org))

The institute's educational flagship is the Master of International Law and Economics (MILE) – one of the world's leading programmes of advanced studies in international trade regulation. This intensive one year Master's programme comprises weekly modules taught by many of the world's foremost academics, senior trade officials and private sector practitioners. The MILE modules are also open to interested professionals and students. The more than 320 MILE alumni form a vibrant international community dedicated to the dissemination of trade-related technical knowledge and expertise. Furthermore, the WTI delivers an annual five week summer academy on cutting-edge issues in international trade regulation. Responding to the deficit in trade-related technical knowledge and expertise afflicting many developing countries, the WTI also provides distance learning courses in cooperation with the United Nations Institute for Training and Research. Jointly with the Swiss State Secretariat of Economic Affairs, the WTI is involved in a four year academic cooperation project to establish regional competence

centres in Peru, South Africa and Vietnam. This supplements a range of trade-related academic networks around the globe in which WTI's faculty and researchers take part.

### Tackling regulatory challenges ([www.nccr-trade.org](http://www.nccr-trade.org))

International trade regulation transcends law and politics. The rules and principles of the WTO provide the main institutional framework of many potentially applicable international regimes. Since 2005, the WTI has hosted the Swiss National Centre of Competence in Research on Trade Regulation (NCCR Trade Regulation) to study such trends. This project aims to develop long-term solutions and innovative policy recommendations that improve the balance between economic and other regulatory objectives in an evolving architecture of regional and multilateral trade rules.

NCCR Trade Regulation currently addresses six broad thematic research areas featuring 50 sub-units and involving a global network of more than 80 researchers. Themes related to trade include: governance; preferential trade; innovation and creativity in international trade; trade, development and migration; trade and climate change; as well as impact assessment in international trade.

## Shifting powers in trade governance

A changing global balance of trade powers is transforming decision-making in trade diplomacy observable, not only at the state-managed level but also within the private sector. Research in this area addresses governance issues in a multi-layered system. Focus is on judicial governance and the role of private actors in international trade disputes, in law-making and standard setting, and in particular with regard to human rights and responsible governance.

## A growing web of preferential trade agreements (PTAs)

Such agreements represent a potential line of fracture for the multilateral trade order embedded in the WTO. However, they also offer scope for novel approaches to rule-making and market opening, creating legal precedents at the frontiers of trade regulation. The dual nature of regionalism, fuelled by the protracted Doha Development Agenda, has confirmed the need to deepen the understanding of the economic, legal and political motivations behind PTAs. The extent to which PTAs extend rule-making and market opening beyond what exists or is contemplated at the WTO is examined.

## Innovation and creativity in international trade

Stimulating innovation and competitiveness requires a suitable balance of private intellectual property rights, sources of innovation and broad public policy interests. Access to information and new technologies is vital for economic growth. The question remains how international rules could better nurture technological change while meeting societal needs. Crucial is government action to address failures of private markets to provide for efficient allocation of resources, as well as the design of WTO-compatible incentives for investment in creative activities.

## Trade, development and migration

Creative solutions for managing economic migration or mitigating price risks in commodity markets are being developed to respond to the challenges developing countries face in global markets. Beyond the existing WTO agenda preferential trade, investment, commodity and migration agreements have frequently made rule-making advances. The recent food crisis, the challenges of irregular migration and the influence of labour standards, as well as emerging biofuel, agro-biotech and commodity markets all illustrate the WTO's current inability to accommodate new challenges in trade governance. Regulatory solutions beyond enhanced market access and differential treatment to boost poorer countries' export-led integration whilst reducing inequalities must thus be sought.

## Innovative responses to trade and climate change

Innovation, both in technologies and policy, holds the key to assuring sustainable development. Climate change poses particular challenges to international trade regulation. The costs of mitigation and adaptation to climate change and their impacts on cross-border trade and investment must be better understood. The fundamental question is the extent to which WTO rules allow appropriate policy responses towards the challenges of climate change and the changes that may need to be contemplated in future negotiations to promote this objective.

## Impact assessment in international trade

To assess the impact of planned or existing policies and norms, appropriate tools are vital. NCCR Trade Regulation analyses the diverse impact-assessment techniques being developed and applied in order to see how policy affects outcome variables. Examples are: the impact of trade on wages and the localisation of economic activity, the impact of institutional arrangements on policy quality, the impact of preferential trade arrangements on firm behaviour



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and performance, and the impact of financial regulation on the capacity of financial systems to distribute the gains and losses from trade.

## The academic world and beyond

WTI faculty and NCCR researchers cooperate with trade policy-makers, international organisations, the private sector and civil society organisations worldwide. In so doing, they contribute to knowledge transfer in their fields of trade-related expertise through teaching, specialised training and advisory services. NCCR Trade Regulation has been selected for a FP7 Marie Curie Co-Fund project. This supports the WTI's efforts to train professionals and researchers responding to tomorrow's challenges of trade governance by building human and intellectual capacity.



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