

Politics of trade policy narratives in regional and global contexts

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From past to future trade Policies

1. Unilateral Trade Liberalization in early 90's
2. Deregulation, denationalization, privatization of 90's and tariff reform of early 2000
3. Promotion of multilateralism
4. Regionalism: FTAs with China, Malaysia, Sri Lanka, SAFTA, regional trade in Strategic Trade Policy Framework 2009-12
5. Push for greater trade integration with India
6. What next?

A case of knowledge based policy: Trade with India

- Greater interest by the policy community and academia
- A unique case as Trade with India gained salience in the public opinion
- A large number of studies aimed at the government, initiated by the government, seminars, journal articles, interest by regional and international academia, multilateral and bilateral aid agencies, greater involvement of business, English, Urdu media

Projections of Benefits of Trade with India over the past ten years

Benefits of Trade with India in studies

SBP	2005	\$ 5 Billion
Wilson Centre	2012	\$ 40 Billion
ICRIER	2014	\$ 19 Billion
Pak Business Counsel (2014)	2014	\$ 18 Billion
On ground reality	2013-2014	\$ 2 Billion

Methodologies employed

- Indicative Export Potential
- Gravity Model
- RCA/BRCA
- Investment estimates
- CGE
- Intra-industry trade
- Factoring in informal trade

Digging deeper...

Almost all the studies afflicted by

- Weak methodologies and Poor design producing wilful results
- Over-estimated positive shocks with inflated positive benefits
- Possible negative shocks severely underestimated to allow for a more positive outlook to facilitate an adhoc method of regression where due to distortions already introduced, the correlations are bound to be spurious.
- Examples of catastrophic distortions: Estimates of informal trade

Principle Research Questions

1. Was the Trade with India benefit narrative hyped up?
2. How and under which conditions do manipulated narratives have greater impact on public policy?
3. What are the implications thereafter?
4. What more can be done to rescue public policy from (sometimes) ill informed narratives with possible ulterior motives?

Initial findings

- Salience in 'public space' and interest organizations do impact upon the responsiveness'. But it does not make in necessarily 'democratic responsiveness'.
- The 'democratic responsiveness' of the policy depends on the 'public' in the 'public' of 'public opinion'. One possibility is that the Mighty Interest Groups actually give salience to an issue and exert their influence in such a way that the public opinion impacts less on the policy in the short run. In the long run the interest groups could initiate the process of a structural change in public opinion by a different kind of framing of the issues operating also at the social and worldview levels in addition to the interest organization level. [Have used Causal layer Analysis and modern communication theory.

Initial Findings

Cont.....

- Pakistan has been and would continue being at the receiving end of regional and political narratives due to its particular history and strategic location
- Social media has made it easy to spin narratives serving 'public diplomacy' of third countries
- Research methodologies should be valued more critically
- Implication for policy making in future as government could have lower trust on the policy community

**HIGH POLITICS OF NEW
NARRATIVES OF GLOBAL TRADE
GOVERNANCE AND NEW
CHALLENGES TO THE RESEARCH
COMMUNITY IN PAKISTAN**

Changing Narratives on Multilateralism and Regionalism led by TTIP and TPP

- **Re-re-balancing of global trade governance by a US alliance with EU in TTIP and with 12 countries in TPP, with an unmistakable underlay of geo-economics seeking to reduce the role of WTO and present a new set of challenges to China in the wake of re-shoring and new technologies of manufacturing**

Possible implications of the successor narrative to Washington Consensus:

- **Slow down of Asia-ward shift in global economy**
- **Irrelevance of WTO the way we knew it**
- **Possible responses of India, Russia and China to TPP and TTIP and consequent impacts on Pakistan**

...in any case, large number of ifs and buts...fate of RECP, Eurasian Economic Union, South Asia Free Trade Area, Pakistan-China-Afghanistan trilateral cooperation

Pakistan's Int. Trade Regime Challenges

- **Pakistan's integration in global and regional value chains has been slow**
- **Except with China, Pakistan is not a part of a dynamic trade integration initiative; there is a lot though on paper and in the pipeline**
- **Forced into an asymmetrical alliance in SAFTA, its large neighbour appears to be more focused on trans-regional agreements and with projection of power in the region**
- **Pakistan has developed a high dependence on uni-lateral market access e.g. GSP Plus by EU**

Way Forward for Pakistan

- Stay committed to openness, multilateralism and mutually beneficial regional integration
- Undertake domestic commerce reform
- Diversify export products in anticipation of about to arrive 'new manufacturing' wave in the West
- Continue working hard, with EU and US, to overcome the predicaments of a country occasionally central to geo-strategic considerations of leading global players but at the periphery of their geo-economic spheres

Challenge for the research community

- For Pakistan, we want it or not, geo-strategics would always be important, there is a need to undertake much more research in geo-economy
- Better critique of the role of interest groups
- Work in the Lab style, involving researchers from IR, international political sociology and communication theory in trade-related research
- Use methodologies more carefully