
International Trade and Geopolitics Working Group

Meeting Summaries

June 2025

Disclaimer

These notes were originally circulated in September 2024 to provide an overview of the ongoing British Academy Policy Programme on Economic Strategy. They are intended to serve as a summary of discussions and reflections within the Working Group up to this point, but do not represent any final conclusions or analyses. The notes do not reflect any formal policy positions of the Academy nor individual members of the Working Group. Individual assertions or evidence claims have not been peer reviewed, but have been made in the context of Working Group discussions with the aim of contributing to the research and policy debate and discussion.

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Introduction and Overview to the International Trade and Geopolitics Working Group

This Working Group focused on international trade, geopolitics and comparative analysis. It considered a range of specific sub-questions, including:

- How are the emerging industrial strategies of the US, EU and other global powers changing the context? How can trade, more resilient supply chains, international security concerns and onshoring strategies be reconciled?
- How can the UK carve out a space for itself in a rapidly changing global economic policy context? What lessons are there to learn from around the world, and from the past? How can the UK take a more strategic approach to harnessing its key assets for growth?
- How can economic security be built into any future economic and industrial strategy for the UK?

There were four meetings of the group held in the first half of 2024, from which the following cross-cutting themes emerged. First, there needs to be attention to UK international alignment, politics and diplomacy, including where the UK thinks it is vis-a-vis other countries including the US, EU, China and developing countries. Examples cited included the desire to collaborate with China in some areas while introducing sanctions in other areas.

Second, a need to consider the international architecture of trade, including on reform of the trading system. Questions within this theme considered what the UK's role might be in shaping the wider trading system, noting the UK's status as a mid-size economy and as a former colonial power and therefore the potential need for some humility from the UK in this regard. Third, consideration of industrial strategy, including elements around security and trade, supply chain resilience, scientific collaboration and how the UK's position in the world affected its response to these varied issues.

Finally, the group worked on the potential for alternative narratives emerging for the UK, as it is no longer the Anglophone gateway to EU. It was suggested that the UK's longstanding institutions were relatively historically stable, and that this continuity narrative, alongside the UK's status as a medium-sized economy, granted it the ability to be nimble and adaptive in an international context.

Members and meetings

The Working Group was co-chaired by Professor Patricia Clavin FBA and Professor Tony Venables FBA. The Working Group members included:

Member	Role
Professor Patricia Clavin FBA (co-chair)	Professor of Modern History, University of Oxford
Professor Antony Venables FBA (co-chair)	Professor of Economics at the University of Manchester and Research Director at the Productivity Institute
Professor Barry Eichengreen FBA	George C. Pardee and Helen N. Pardee Professor of Economics and Political Science, University of California
Professor Stephen Broadberry FBA	Professor of Economic History at University of Oxford
Professor Wendy Carlin FBA	Professor of Economics, UCL
Professor Faisal Devji	Professor of Indian History, University of Oxford
Professor Alan Winters	Professor of Economics, University of Sussex
Professor Kevin O'Rourke FBA	Chichele Professor of Economic History at All Souls College, Oxford; Research Director of the Centre for Economic Policy research
Professor Elhanan Helpman FBA	Galen L Stone Professor of International Trade, Harvard University
Professor Paola Conconi	BP Professor of Economics and Professional Fellow at New College
Professor Meredith Crowley	Professor of Economics, University of Cambridge, Research Fellow, CEPR (London)
Professor Noam Yuchtman	Professor of Managerial Economics and Strategy Department of Management, London School of Economics and Political Science.

1.0 Meeting 1 summary note (Mon 29 Jan): Scoping session

On Monday 29 January 2024 the British Academy convened the first meeting of the International Trade and Geopolitics Working Group. Members engaged in a wide-ranging discussion and offered valuable reflections on the key themes that the group could explore in the work going forward.

1.1 Current and future challenges

It was suggested that a starting point for this work might be to consider the causes of current global economic disruption, the lessons we can learn from history with regards to how the UK and other countries have previously sought to adapt to instability, and the challenges on the horizon that could present both risks and opportunities to the UK economy. A number of challenges were offered, from the political (for example, the lack of trust from the British public in politics, the risk/rise of populism, and the difficulties these pose for policymakers), to the geopolitical (including how the UK and its partners would approach dealing with China), the technological (particularly with regards to the potentially economically disruptive impacts of Artificial Intelligence), and the environmental (for example, how the UK will meet its net zero commitments while still importing vast amounts of carbon emissions from abroad).

1.2 Geopolitics, alignment and the UK's place in the world

In the face of these challenges, it was raised that a key question for all medium-sized economies, including the UK, would be: who do you choose to cooperate with and in what ways? For the UK, determining what kind of long-term relationship it wants with the EU, US, and China would underpin much of how it would be able to deal with current and future challenges. A participant pointed to studies that have shown that growth in trade has largely been driven within groups that are politically aligned rather than between non-aligned groups, underlining the importance of how countries choose to align themselves given the possibility of further geopolitical fragmentation.

It was noted that, as an EU member, the UK was often viewed as the 'English-speaking gateway to Europe', but that policymakers seemed to be unclear what the new 'tagline' for the UK economy should be. Participants felt there were opportunities to create a positive new narrative around the role of the UK in the world as a medium-sized economy, particularly given that the UK would not need to be completely aligned with either the US or the EU. An example was given of the FCDO's new White Paper on Overseas Development Assistance, which seemed to recognise the UK's limitations in competing with countries like China on foreign aid and offered innovative ways to address these, including by framing the UK as a convening power, an exemplar of best practices and as a curator of ODA rather than as a primary contributor of funding.

1.3 Industrial policy: Supply chain resilience and economic security in trade

It was suggested that a further narrative for the UK could focus on it having some of the most stable institutions in the English-speaking world, with some of the best universities and research centres. A participant reflected that a new industrial strategy could focus on the UK becoming a global leader in certain scientific subfields through collaboration with countries like China on science, technology and innovation and through welcoming talent from across the world by leveraging its ties with the Commonwealth. However, it was also felt that this

optimistic narrative around welcoming global talent would sit uneasily with the current political debate within the UK around levels of immigration, which in itself was posed as a possible topic for further discussion given its significance to economic policymaking.

Participants raised that a key question in the coming years would concern how the UK manages the trade-offs between trade and economic security. While data suggested that supply chains had been surprisingly resilient in the face of recent shocks, it was noted that economists did not fully understand why nor did it mean that this would continue to be the case going forward. Additionally, further geopolitical fragmentation, while not inevitable, would raise difficult questions for policymakers around how to balance the tensions between national security and economic policy agendas. The example was given of how the UK would approach cooperating with China on clean energy technologies while also imposing sanctions on China in other areas. Participants suggested that a role for this group could be in bridging and elucidating the tensions between these two agendas and highlighting, for example, the economic implications of particular national security policy agendas.

1.4 Responding to changes in national economic strategies

This tied in with discussion around how the UK, a medium-sized economy no longer within the EU, might align its economic, diplomatic and climate change strategies in the face of shocks such as the Inflation Reduction Act in the US. It was argued that part of the answer might come from UK policymakers coming to terms with the country's status as a middle power, as there continues to be a contradiction between the UK's actions as if it were a great power and the reality of its geopolitical importance and the size of its economy. Participants viewed some of the key advantages of smaller economies to be their potential for dynamism and flexibility in the face of shocks, and it was posed how the UK economy might become nimbler in responding to changes to economic strategies of other countries (including key allies and trade partners) and wider global economic transformations.

1.5 International architecture of trade

Another theme that emerged in the discussion was around the deterioration of institutions supporting international trade. The World Trade Organisation was given as a clear example of the weakening international economic infrastructure, with a number of countries, including the US, undermining its authority or looking to implement policies that contradict WTO rules. It was suggested that the UK could be well-positioned to act as a broker for conversations around how to reform this international system so that it might better reflect the statuses of different countries and regional blocs and be better equipped to deal with this era of growing geopolitical instability. Additionally, it was suggested that the group could explore in more detail supra-national institutions of the past, how and why they were weakened, and what the consequences of these were.

2.0 Meeting 2 summary note (Mon 11 Mar): Geopolitics, alignment and the UK's place in the world

2.1 How can we understand the fragmenting global order? What do we expect the most significant geopolitical developments to be in the next 24-36 months?

The session began with a provocation by Professor Ayse Zarakol. As a starting point she cited an [article](#) by Professor G John Ikenberry that poses that the global order is headed towards a tripartite world made up of the 'Global West' (including the US, Europe and their allies), the 'Global East' (including China, Russia and their allies) and the 'Global South', which Ikenberry argues could align itself with either. While Zarakol argued that this view of the Global South was both too simplistic and too optimistic (with participants also raising that the term itself was too broad and generalising to be helpful), noting that it largely seems to draw from traditional twentieth century Cold War conceptions of regions and blocs which may no longer be applicable, she did however consider that some of these 'non-aligned' countries are bound neither to the US or China and are wary of Chinese domination should US global influence decline further. It was put that the international order seemed to be 'loosening up', with no clear polarities and where middle powers have the potential to play a more significant role.

Participants reflected whether thinking about the future of the international order in terms of blocs would be helpful given that underneath current perceptions around geopolitical alliances and regional groupings lies a much more complicated picture. Turkey, a NATO member that also cooperates closely with Russia, was offered as an example of a middle power that refuses to be confined to one particular bloc. Participants also pointed to Pakistan as a country that is demonstrating an ability to not just straddle blocs (through simultaneously being a close partner of the US while also having strong economic and military ties to China) but to counter the logic of bloc-making itself.

Given the number of significant elections in different parts of the world taking place in 2024, it was posed whether participants expected any of these might radically affect the outlook for the international order. A number of participants felt that the Presidential election in the US would be one of the most consequential, both in terms of the challenges that the world would face as a result but also in terms of its implications for the UK-US relationship and how this might affect the UK's geopolitical objectives. It was suggested that the elections in 2024 would only speed up the fragmentation of the global order and decline of the liberal international order rather than reverse it. Additionally, some thought that some election outcomes may not be significantly consequential even where there are changes in government; it was suggested, for example, that India's foreign policy would likely stay largely the same if the Congress Party were to win in the upcoming election as their politicians share much the same views on foreign policy as the BJP, including on the conflict in Ukraine.

2.2 How is the UK going to align itself? Who should the UK cooperate with, on what should it cooperate, and for what purpose?

The discussion turned to alignment and how the UK would choose to align itself in the context of this increasingly unstable global order. It was posed to the group what the UK's overarching economic and geopolitical objectives should be, what instruments it has to achieve these, and what the opportunities are for the UK given these objectives and instruments. At its core, the conversation explored whether policymakers could reconcile the UK's economic objectives with its national security objectives into a coherent approach,

where the tensions between these may lie, and what the trade-offs of pursuing one over the other might be. One participant argued that these two agendas would fundamentally pull in opposite directions; while the former would prioritise trade and multilateral relations, the latter would require a more cautious approach to dealing with countries that may be considered rivals or hostile actors. Another participant raised the importance of climate change in driving both economic and security considerations, highlighting the debate around critical minerals and what trading relationships and resources that the UK would need to ensure that it can develop the types of green industries and sectors that its future economy will need.

In a provocation by Professor Alan Winters, he argued that a strategic economic approach for the UK would require policymakers to come to terms with its current size and status. As a relatively rich middle-sized power and a big defence-spender, it stands to reason that the UK should have a serious role to play in the global order. However, the UK is much smaller economically than the biggest powers and faces considerable economic challenges; it is also much poorer and less influential relative to self-perceptions and less well-respected internationally owing to recent political instability and threats to break international law which has damaged its reputation as a serious partner. As a result of the reality of Britain's middle-power status (which means that it is large enough to be noticed by not large enough to dictate to others) and its serious economic problems, he felt that the UK would stand to benefit from expanding its multilateral relationships and that it should look to cooperate economically as much as it can while avoiding overtly signing up to any one regional bloc.

2.3 What might the UK's relationships with US, EU, and China look like? How will the UK manage its sanctions regime alongside wishing to collaborate with countries that it also sanctions in some areas?

It was suggested that one of the key questions for the UK in the coming years would be whether it puts more weight into its relationships with Europe or the US. While the UK undoubtedly has strong historical, political and economic ties with the US, developments there have led to it retreating from the global position it once played and US policymakers no longer appear to be as interested in its relationship with the UK given its diminished size and influence (although it was noted that US-UK cooperation against China remained close). With the US's commitment to NATO also possibly dependent on the outcome of the next presidential election, it was raised that this could pose an opportunity for the UK to align more closely with Europe and play a more considerable defence and security role in the face of the crises that a US withdrawal would create.

Professor Winters argued that Europe represented a more natural partner for the UK given their similar economic and security interests, although he recognised that this is of course a contentious issue in the UK. He also noted that many see the EU as a relatively declining force, but that increased integration with Europe (even if outside the EU) would be in the UK's interest. One participant thought it important to reiterate that the EU does not represent all of Europe, and that a more nuanced regional order exists underneath that which the UK could look to tap into. Particularly given the damage done to the UK's relations with European nations during the process of leaving the EU, they felt that policymakers could start to try to reframe these relationships and the stories around these in a more positive way; it was noted, for example, that the Special Relationship was a very deliberate construction from the Second World War to tie the UK to the US and that, while that specific term may be outdated, the principles behind it may be relevant to the UK's relationships with European and other partners.

While both the US and EU consider China to be a strategic/systemic rival, a number of participants expressed hope that the UK would be able to view China in more than just adversarial terms and that the UK's flexible geopolitical position would enable a more nuanced relationship. After four decades of miracle growth, it was posed whether China was entering a period of relative decline. Participants considered whether there may yet be a change in direction from China given their slowing growth and structural domestic problems (including their ageing population and declining birth rate). It was suggested that the UK would benefit from maintaining reasonable relations with China (while avoiding over-dependence), even if that causes tensions with the US, with participants noting the considerable economic ties between the UK and China; for example, the significant numbers of Chinese students attending UK universities and high levels of Chinese investment in British firms. Some thought that this should form part of an overarching approach from the UK of 'non-judgemental openness', cooperating with a broad range of other countries to aid its economic recovery without getting too tied up in commitments to blocs, while supporting international organisations and institutions that underpin the architecture of international relations.

2.4 How should the UK approach cooperating with developing economies, including in Africa, and how should policymakers think about the UK's current and future 'role' in the global order?

Participants felt there were considerable opportunities for the UK in strengthening its relationships with developing countries. It was raised that cuts to the UK's aid budget, hostile rhetoric around migration and the drying up of FDI relative to other countries had led to a significant loss of political support for the UK from some developing nations since 2019, but that the UK could leverage its geopolitical flexibility and its enduring 'soft power' to engage more closely with 'non-aligned' countries.

One participant noted South Asia in particular as a hugely important and populous region that does not yet play a geopolitical role commensurate with its size and potential and with which the UK could enhance its relations. While challenges were emerging in the negotiations between the UK and India for a free trade deal (largely as a result of India not viewing the UK as an important enough partner), it was felt that the UK may be better placed collaborating more closely with Bangladesh, Pakistan and Sri Lanka where the UK could emphasise its historic and cultural ties and its welcoming environment for migrants (including for foreign students and young international workers coming to the UK and sending remittances back to their home countries). Others thought that, while remaining mindful of historical baggage with regards to empire, the UK could also have a positive narrative to tell about their relationships with sub-Saharan Africa and even South America as a way of improving diplomatic and economic ties in these regions.

3.0 Meeting 3 summary note (Mon 22 Apr): Responding to changes in national economic strategies

The session began with Professor Patricia Clavin's summary of her presentation at the stocktake meeting with senior HM Treasury (HMT) and Department for Business and Trade (DBT) officials on 9 April. This was themed as a historically-informed narrative.

Participants offered prepared remarks and interventions prompted by the following background statement and its related guiding questions as the basis for discussion:

The context is one in which trading partners are increasingly subsidising production in some sectors and/or employing protectionist measures, notably, the Inflation Reduction Act and CHIPS Act in the US and Chinese dominance in many green technologies, which will lead to a likely surge in EV exports. This is against a broader background of 'jagged technology distribution', in which new technologies incur massive development costs and are concentrated in a few countries or firms.

3.1 What are the consequences of these developments for a medium-sized economy that seeks to be dynamic, such as the UK?

From a policy perspective an official highlighted that various challenges are emerging for the UK simultaneously including: expanding trade blocs; the growth and trajectory of other economies, especially China and India; the impacts of climate change on trade; and the evolution of more protectionist policies in the USA and EU. Economic security and resilience, he argued, leads the focus in many international discussions without being clearly defined, and whilst the UK has some comparative advantages, it cannot compete with China on scale. This poses the broader question of what should an industrial strategy look like in light of this?

Kevin O'Rourke responded from his perspective as an economic historian, describing the role of industrial policy in the UK's history to draw out three key lessons. To define industrial policy simply and broadly, he described it as '*any government policies that target the structure of economic productivity*.' He argued that the history of industrialisation and industrial policy in the UK demonstrated that (i) industrial strategy and policy is the rule rather than the exception, (ii) it involves some degree of geopolitical tension, and (iii) it has quite often been successful, subject to the availability of appropriate skills.

These lessons come in part from looking comparatively at the UK, France and Germany. He pointed to investment by the UK government in the textile and steel industries which was crucial for the industrial revolution, and which was heavily led by government planning, protection and intervention. By contrast, France was cut off from international markets in the same period and therefore developed alternative industries with innovations led by government, while the German chemical industry was largely based on decentralised funding with a stronger patent policy than the UK's and represented a very intentional effort to build a world-leading chemical industry. The implication of these lessons being that non-dominant economies can and have taken steps to position themselves in areas and niches that have undergirded future economic prosperity.

3.2 What are the opportunities created, and how can benefits from them be maximised?

There was agreement that such a backdrop also offers opportunities for international collaboration with like-minded partners with a vested interest in influencing the global agenda to coordinate complementary economic activities in sectors and areas that are not 'zero-sum' and prevent duelling protectionisms. This could be achieved through aligning more closely with the EU as a result of an uncertain trajectory in the United States. In addition, the UK might leverage its historical role as a co-founder and developer of international institutions to set the agenda in a space where many countries are taking steps to manage their economies on different principles. A caveat was raised that appeals to concepts such as 'openness' and the 'rules-based system' within multi-lateral institutions would need more deliberate definitions when they are used as influencing rationales, and that fewer rules taken more seriously would be preferable to an abundance of rules treated flippantly.

In an upbeat contribution, Noam Yuchtman focused on the geopolitical angle for UK policy responses, starting with a brief discussion of how to define or differentiate the UK. He noted the more obvious traits of being English-speaking, free, politically moderate, possessing a massive, cosmopolitan metropolis, and **not** being the USA were followed by the less obvious assertion that the UK is relatively welcoming to immigrants. Citing an article from [The Economist](#), Yuchtman noted that Britain's attitude towards migrants is more based on skills than culture and ethnicity, which is considered a relative strength over other places, particularly Europe.

He went on to note that the UK's particular strength lies in its Higher Education sector, which is second only to the USA, and its ability to attract talent from abroad, highlighting that the UK has attracted Chinese students particularly well in the past decade. It also produces a great deal of innovation and creative output, particularly relative to its size, punches above its weight in AI, has a permanent seat on the UN Security Council, and its institutions are not under threat. In addition to being considered the 5th strongest military, it is emerging as a cybersecurity superpower. He suggested that human capital and innovation would be the real basis to build on these strengths and create future UK economic dynamism, and that innovation and skilled immigrant retention-directed policy should be used to build on these strengths and continue bringing in world-class human capital.

3.3 What are the potential costs, and how can they be mitigated?

The group considered both the systemic costs of these geopolitical developments and the potential costs of UK policy responses. As a medium-sized economy, the UK cannot compete financially and will lose most or all of certain sectors and the associated skilled personnel. One potential response to this is deeper specialisation, as key opportunities appear to be in niches. It was noted that if the UK does not have all the big tech breakthroughs, it needs to be the place to absorb, utilise and deploy those breakthroughs right away, arguing that life sciences, the education sector, culture, professional services, and some advanced manufacturing are the areas of current strength where opportunities are likely to arise. However, such a strategy would not be without costs. From a policy perspective, exploiting these existing strength areas would likely exacerbate existing inequalities. The resulting distributional consequences across locations and demographics would therefore need to be addressed through rigorous and legitimate democratic processes.

There was further consideration of how subsidies have become higher stake policy choices. Not only does the UK government tend to prioritise producer interests over consumer interests, due to its link with domestic employment, there are a set of assumptions that have

generally led the UK to choose losers in its industrial policy to date. Where the UK used to compete in a regional economy and region to region, it is now competing in globally intensive areas which, it was suggested, leads to bigger wins and bigger losses. It was raised that those failed policy initiatives should be equally acknowledged and the rationales for future industrial policy should be vigorously tested for watertightness. This would be facilitated by better cross-government data on the effectiveness of subsidies within industrial policy, with one individual citing an estimate of only 30% of the US' subsidies being reported to the WTO 'properly'.

When considering 'unsuccessful' policy attempts to support infant industries and early technological adoption Meredith Crowley raised the point that intent and success can be reframed. She suggested that firms working and innovating in these fields through a 'learning-through-doing' approach, even if they 'fail', provide an international public good and that decision makers might focus on supply chains that have embedded learning-by-doing approaches and have the most potential for positive learning spillovers. Further discussion highlighted that timing and context were key determinants for determining policy options on early adoption. Narrow technological and economic aims should be handled with caution, and effective forecasting that can determine the cost-benefit calculations of adopting new technologies originating from other countries is necessary.

3.4 Is there a set of guiding principles that policy makers might follow?

Before entering into the discussion of potential guiding principles a broader contribution was made about the three strands of competing logics that each define a set of approaches and policies within and across governments: (i) learning by doing and benefitting from economies of scale (ii) increasingly, anti-globalist political economic considerations driven by responses to populist politics and (iii) decisions driven primarily by fragmenting geopolitics and security policy. It was noted that these are very different motives for economic strategies and they demand divergent frameworks that assesses relative 'success' and 'failure'.

With the above as an important caveat a series of tentative guiding principles emerged in the conversation:

Avoiding market distortions, however, it was noted that when designing policy interventions paying attention to the unintended effects is vital to avoid self-fulfilling prophecies. An example was given where upstream subsidy interventions that were designed to minimise distortion created more potential for unpredictable distortions downstream in production networks and services.

A cross-government approach would be needed, however, joining up policies across departments to develop a coherent approach requires considerable thought. Particularly, the identification of implicated institutions and defining more clearly what time-limited, proportionate and discrete economic interventions mean in practice.

Due weight to citizen needs, ensuring good jobs, effective skills and consumer benefits are seen as much through a people lens as traditional economic indicators in order to avoid damage to the social fabric for the sake of economic advantage.

Stability, achieved through the careful choice of long-term partners (countries and firms), using the market and its long standing mechanisms and institutions when possible, and maintaining climate policy at the centre to mitigate the most extreme consequences and risks to society and economies.

To close, Professor Tony Venables summarised that government will make decisions in ways that achieve creation of income and jobs, which simply cannot be achieved by buying sectors that have slid down their cost curves. Instead, it will be achieved through use of niches and nimbleness complemented by market forces. It will be a cross-governmental job to rectify low investment and ensure that the public sector are paid properly for work that holds the system together.

4.0 Meeting 4 summary note (Mon 24 June): The architecture of international relations

This session invited two expert evidence contributions from *Professor Bernard Hoekman*, Professor and Director of Global Economics at the Robert Schuman Centre for Advanced Studies at the European University Institute, Florence, Italy and *Professor Ngaire Woods*, Professor of Global Economic Governance and founding Dean of the Blavatnik School of Government at Oxford University. Both gave extended presentations with follow up questions and discussion from group members.

The following is a summary note of those presentation contributions and group discussion points.

4.1 What are the main trends shaping the international institutional landscape related to trade? How are these playing out in bodies like the WTO and IMF?

Professor Bernard Hoekman began the session by outlining a variety of trends shaping the international institutional landscape relevant to trade. First, wide ranging insecurity and instability is being driven by escalating geo-political rivalry between the US and China in combination with a series of regional conflicts in Ukraine, Gaza and the wider Middle East, and various African regional conflicts that receive insufficient attention but have significant spillover effects for trade and supply chains. Second, divergent priorities and engagement with net-zero and just transitions approaches amongst nation states stymie cooperation and agreements relating to the use and exchange of fossil fuels and critical rare-earth minerals. Third, technological advancements are accelerating the shift to services within economies and increasing the digitisation of trade between them.

The leading policy response to this insecurity, competition and change has been unilateralism by major economies (US, China, EU) through tit-for-tat investment controls, tariffs, foreign and direct investment screening and most significantly sector protecting subsidies. The net result of these tensions between the US and China are reflected in an ongoing reorganisation of supply and value chains with Western economies moving to a 'China plus one' model, relying on parallel supply chains to source from competitive countries that themselves have retained access to China's market (Vietnam, Mexico, and to an extent some Eastern European nations).

Professor Hoekman acknowledged that the WTO is not doing particularly well at responding to these challenges because of conscious and deliberate attempts by certain members to stymie the deliberation and arbitration functions of the body (in particular the US and India). Furthermore, the US has shifted its preference from engaging with multilateral bodies like the WTO to non-binding forms of cooperation on trade and investment e.g. Indo-Pacific Economic Framework for Prosperity. This has led to an emerging trend of plurilateral engagement from other economies with aligned values on issue specific cooperation.

4.2 What scenarios should the UK be preparing for in terms of engaging with international institutions like these in the next 5-10 years?

Professor Ngaire Woods argued we should expect this emerging trend of plurilateral engagement to deepen and consolidate. This is not a momentary blip from which we will gradually return to the old order. Six years ago, it would have been unthinkable to see the US placing arbitrary restrictions on its market, blocking foreign investment, withdrawing from trade agreements, imposing restrictions on government purchases, politicising financial supervision and access to payment systems and blocking appointments to the WTO appellate body. But all of these have been done under both Trump and Biden and represent the new bi-partisan economic-trade consensus in the US.

Professor Woods highlighted a series of factors affecting UK engagement with international institutions. Across advanced economies the precarity of low wage, low quality work opportunities are leading young people to vote for radical populist parties even when unemployment is low, driving protectionist onshoring policies around jobs from all political groupings. Corporations with overseas interests are making supply chain decisions based on geo-political risk rather than lowest cost parameters. Techno-nationalism is emerging as a phenomenon whereby both the US and China are dually invested in maintaining their comparative advantage over all other nations and excluding their primary rival from frontier innovations. Through the material effect of and its sanction regime and its exclusive decision-making mechanisms the G7 is distancing itself from the rest of the world and fostering anxiety and mistrust amongst developing nations who are aggrieved at the negative spillover effects of these policies on them, and fear they could fall victim of future sanctions themselves.

The combination of these factors over time would lead to the plausible scenario where security (climate, economic and geostrategic) becomes the dominant paradigm that trumps that of free-trade and consigns to irrelevance any institution with that as its primary mandate.

Professor Hoekman therefore contended that the UK should be prepared to engage enthusiastically in emerging forms of plurilateral cooperation and invest in supporting good practices that have the potential to break deadlock in institutions like the WTO and ultimately lay the foundations for effective and relevant multilateral cooperation on core issues. To do this it should subscribe to a series of [principles of good practice](#) namely: openness, technical assistance, transparency, consistency.

A specific example of a technical area where this mode of engagement could be fruitful was offered. The UK could support a plurilateral, working up to multilateral, process of defining carbon market instrument equivalence in recognition that some countries will refuse to implement carbon taxes, but exchange still needs to be facilitated across these domains for businesses.

4.3 How should the UK be aiming to utilise and work within international institutions such as the WTO and IMF today and in the coming years?

The group discussed two specific opportunities for the UK to engage with the WTO in the coming years. First, that there is an opportunity for the UK to seriously re-engage in the WTO's aid-for-trade programme and re-position itself as a trusted broker and capacity builder. This is especially relevant for African continent development priorities, as African Union members are seeking greater regional economic integration. The UK has the potential

to act as a bridge between China's Belt and Road Initiative and Europe's Global Gateway through this programme. But to do so credibly it will need to increase the money it puts on the table, through ODA and other mechanisms, and it was raised that domestic politics could be a serious barrier to achieving this.

Second, the UK could support the development of a secretariat function at the WTO that can provide evidence and analysis, particularly on negative spillover effects of individual and joint member actions, to support collective decision making on controversial issues that are currently obstructed by interested parties. The UK could also use its influence with allies to make the case against obstruction within the WTO, highlighting the inconsistency between these actions and their investment in the multi-lateral institutions that support the international order.

It was also pointed out that, though UN specialised agencies have become politically captured within emerging US-China competition, multi-lateral financial institutions haven't yet fallen foul of this and have the potential to become important forums whereby the US and China have to engage with countries with whom they do not hold unconditional alliances. It was commented that though there are obvious parallels with the cold war, the contemporary situation has key differences, one being that both the US and China stand to lose out significantly from failing to engage constructively in international economic forums and breaking the equilibrium that forces non-aligned countries to choose. The UK has a significant stake in trying to retain this non-aligned equilibrium within and beyond these forums through demonstrating their effectiveness to resolve critical challenges, in particular supporting work at the IMF on global debt restructuring.

4.4 Is there an effective approach the UK can take that will support the UK's international economic strategy? What forms of engagement should the UK prioritise in shaping these institutions going forwards and to what ends?

The group discussed various approaches for academics and policy makers. In order to respond to the emerging security paradigm it was noted it would be fruitful for trade economists to rethink their starting point, away from free trade to optimisation within constrained multilateralism informed by current and predicted political relations. There is also an opportunity within the UK political system, to align its machinery of government towards mechanisms that best support economic security. Currently the UK economic actors use competition rules and market upholding rules, whilst security actors have invested heavily in cyber security and resilience. What the UK currently doesn't have is a combination of technical tools across the economic and security spheres in proper combination. It was noted that if the UK invested in developing and creating these new integrated tools at speed across these domains it could leapfrog many of its competitors, especially in an environment of trade digitisation.

A further opportunity was identified for the UK to engage non-aligned countries and emerging economies. These countries are looking for a new operational mode across the international landscape, where the UK, G7, & other developed economies enter into more equitable partnerships and give them greater voice in multilateral settings. It will require the UK to adopt new diplomatic norms grounded in non-instrumental behaviours, understanding their historic baggage and engaging with a degree of humility. Working positively in this way could lay the foundation for re-invigorating and renovating the multilateral institutions so that the US, China and Europe are drawn back into and incentivised for positive engagement out of mutual interest.

5.0 Readings

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