Leading experts on Asia’s economy are to meet at GEP’s centre in Malaysia for a prestigious international conference on trade in the region.

Issues surrounding trade costs, trade development and infrastructure will be discussed at the event, which will also feature two keynote lectures.

Professor David Greenaway, GEP’s founding Director and now Vice-Chancellor of the University of Nottingham, will deliver the Boustead Annual Globalisation Lecture, entitled The Globalisation of Higher Education: The Emergence of Asia.

Professor Masahiro Kawai, of the Asian Development Bank Institute, will give The World Economy Annual Asia Lecture, sponsored by Wiley-Blackwell and entitled Rebalancing Asia’s Growth.

Other speakers will include GEP’s Professor Chris Milner, who will present a pioneering study of how trade costs could be viewed as opportunities for boosting exports.

The research could prove especially relevant to Asia as the region strives to maintain and increase its role as a key hub of the global economy.

Trade costs represent all the costs involved in delivering a traded good from its producer to its final user overseas, excluding the cost of producing the good itself.

Previous research has traditionally focused on costs such as trade barriers, but Professor Milner and his co-authors concentrated on the costs arising from the likes of transport infrastructure, distribution, contract enforcement and legal and regulatory requirements.

The study, which examined how trade costs affected exports in more than 70 countries and almost 160 industries over two decades, supports the theory that lower trade costs offer a source of comparative advantage – in the same way that, for example, lower labour or raw material costs do.

When these costs are comparatively low, the research concludes, they should be regarded as an “endowment” that a nation can exploit for competitive advantage within the global economy.

Professor Milner said: “Economists are increasingly realising issues like poor transport infrastructure, language and the quality of institutions play a much more important role in encouraging or discouraging international trade and that these costs are greater than previously thought.

“Differences in trade costs capture the differences in the overall quality of countries’ infrastructure and institutions and in the competitiveness and effectiveness of their business and policy environments.

“We concentrated on how those differences matter empirically to patterns of trade and found that trade costs are actually an ‘endowment’ that affects the pattern of comparative advantage and export composition.

“This fresh way of looking at trade costs opens up new avenues of research. It should be possible for governments to help enhance trade cost endowments and therefore boost comparative competitive advantage and ultimately the exports of a country’s goods and services.

“Effective research in this area could uncover useful insights to help shape government policy and generate significant economic impact.”

Another speaker will be Dr Chang Liu, of the University of Nottingham, Ningbo, who argues that China’s hinterland needs to invest in education as well as infrastructure to continue to attract foreign direct investment.

Using data from the China City Statistical Yearbooks from 1999 to 2007, Dr Liu examined what kinds of infrastructure investment helped encourage foreign firms’ interest in almost 100 hinterland cities.

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As expected, the study found that improving transport links and information/communication levels was crucial to attracting FDI.

But investing in education also proved “highly correlated” with inflows – unlike investing in municipal care or cultural and recreational facilities.

Dr Liu believes government should consider shifting the emphasis when allocating future resources to further the hinterland’s cause.

He said: “Our first suggestion to policymakers would be to recognise that investment in education is just as important as improving economic infrastructure.”

Delegates from universities in Singapore and Malaysia and representatives from institutions including the Asian Development Bank and the Korea Institute for Economic Policy will also address the conference.

The event, entitled Trade Costs, Infrastructure and Trade Development in Asia, will take place at the University of Nottingham, Malaysia, on 13 and 14 January.

David Greenaway

Professor David Greenaway is Vice-Chancellor of the University of Nottingham, a Professor of Economics and the founder and former Director of GEP. His research interests lie primarily in the fields of exporting and productivity, cross-border investment, international trade and economic development. David has been Chair of the Armed Forces Pay Review Body since 2004 and is also a member of the Senior Salaries Review Body, a governor of the National Institute of Economic and Social Research, Chair of the Scientific Advisory Council at the Institut für Weltwirtschaft, University of Kiel, and a member of the Scientific Committee of the European Trade Study Group. He has been a consultant to the World Bank, UNIDO, UNCTAD, the European Commission, GATT, UNECE and the Treasury.

Chris Milner

Professor Chris Milner is a Professor of International Economics. His areas of specialisation include trade and trade policy, particularly in developing countries. Chris joined the Nottingham School of Economics as a Professor in 1995 and served as Head from 1995 to 2002 and from 2004 to 2008. He has acted as an adviser to international organisations including the World Bank, UNCTAD and the Commonwealth Secretariat, as well as several governments in Africa and the Caribbean.