



Free trade – really in retreat?

Disconcerting pronouncements by certain influential figures on the subject of free exchange and trade, indeed on globalisation *per se* – not to mention the sight of violent anarchists rioting in the streets – might lead one to suspect that the golden age of rule-based symbiosis between countries is nearing its end. Such a development would be devastating, especially for the more disadvantaged corners of our planet; in the absence of a robust exchange of goods and services, the growth that powers prosperity would fall by the wayside.

However, edition 26 of *bergsicht* takes a far more optimistic view of the situation than the average mainstream media outlet – for two reasons. First, there is no question that free trade improves welfare across the board (“win-win”), and this fact is now accepted by the overwhelming majority of economists. The exceptionally high levels of international specialisation (division of labour) among companies across all sectors of the economy provide compelling proof of its advantages, such that any relapse into genuinely protectionist practices is likely to be intermittent at best. Second, and somewhat under the radar of the general public, one of the largest common markets the world has ever seen has just come into existence – in India, which until recently still maintained tariff barriers between individual federal states. The year 2017 will therefore go down in history as a quantitative milestone in free trade, and growth in this vast country will not be far behind.

bergsicht is not in the business of wide-eyed naivety, though; this edition naturally also highlights some of the challenges facing the liberal world order and puts forward a few suggestions as to how these might be resolved. Non-tariff trade barriers are thus set to proliferate, due to a politico-economic appetite for ever greater regulation, and the struggle to counter this regulatory “creep” and/or to establish fair conditions for domestic and overseas producers will have to be a top priority for Switzerland’s foreign trade policy. Large common markets in particular

incline towards homogenised regulatory excess, and here, Switzerland will have to reconsider how its relationship with the EU might be affecting its global competitiveness. *bergsicht* proposes that allowing dual or multiple regulatory regimes to co-exist might be one way of doing justice to diverse commercial models and interests.

Likewise, the “decommoditisation” of cash and capital flows may entail some clear and present dangers for the corporate world. The blocking of payments or entire classes of assets under the banner – or pretence – of justiciable infringements is taking on increasingly alarming proportions, and CFOs will have to find new ways of managing the risks associated with this trend. Companies cannot get away with merely adding “resilience” to their list of strategic goals; they must also make sure such buzzwords are followed by concrete operational measures.

In the final section, *bergsicht* stays with the notion of decommoditisation. It explains how the ultra-granular tracking (“traceability”) of products and services, made possible by technological advancements, will impact international exchange and trade. Previously homogeneous goods will be broken down into smaller and smaller categories, opening up completely new avenues for the application of the Ricardian principle of comparative advantage. Not least for this latter reason, the author of *bergsicht* takes a predominantly positive line on the future of international trade and globalisation.