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National Competitiveness, Scalability of International Value Chains and Location of Production:

Main Conclusions from the Conference

Washington, 17 April 2013

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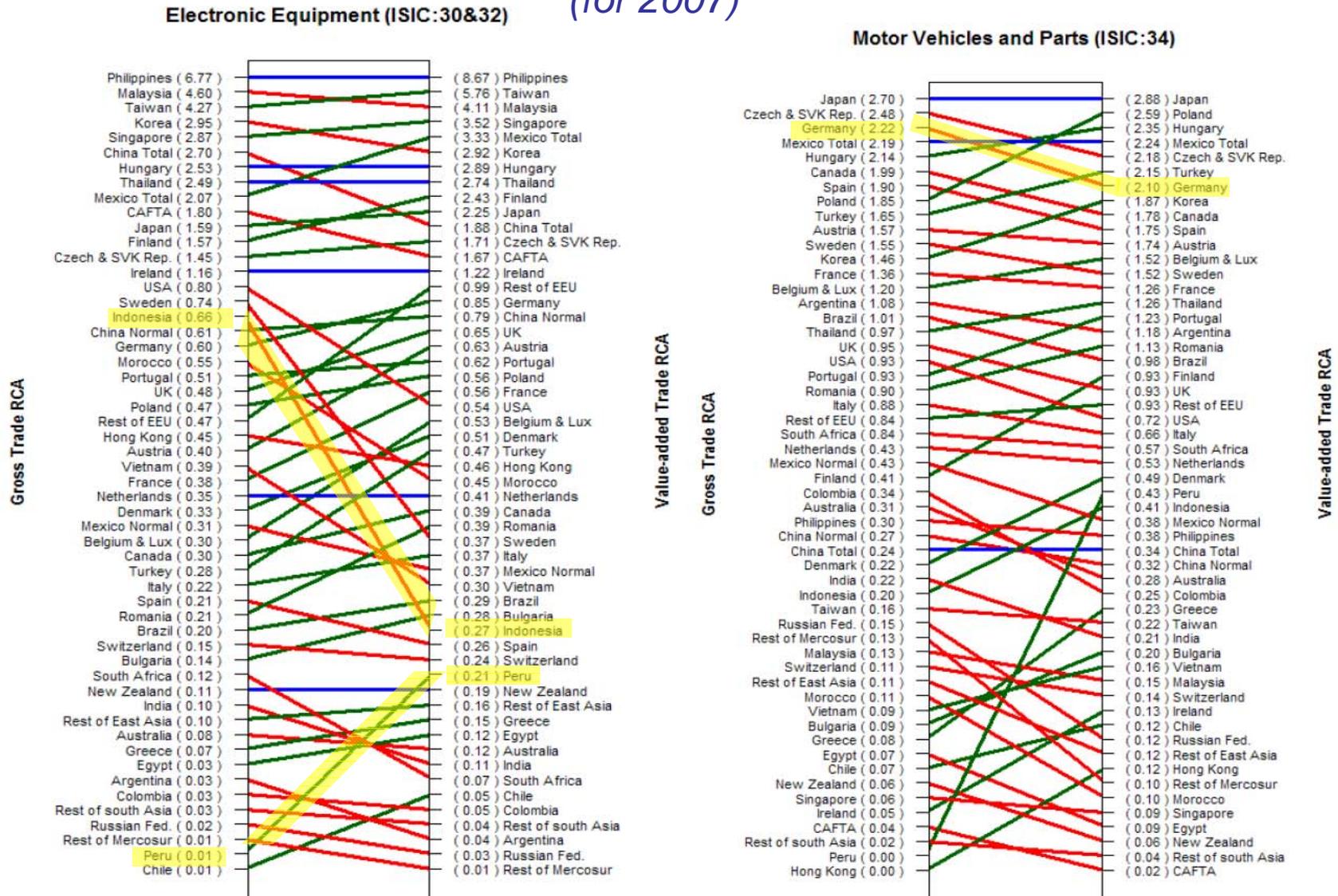
Frankfurt, June 24-25 2013

What we learned in the conference about Global Value Chains (GVCs)

- 1. We need new concepts and new measures to assess GVCs and their impact**
- 2. To be a successful exporter, a country needs to be a successful importer. Ultimately what matters is the value added generated by specific activities**
- 3. Mostly a regional affair?**
- 4. Goods have a high service component and motive to think of them separately is hard to defend.**
- 5. Revise trade and employment policies**

1. Global patterns of sectoral specialisation are different when measured in value-added...

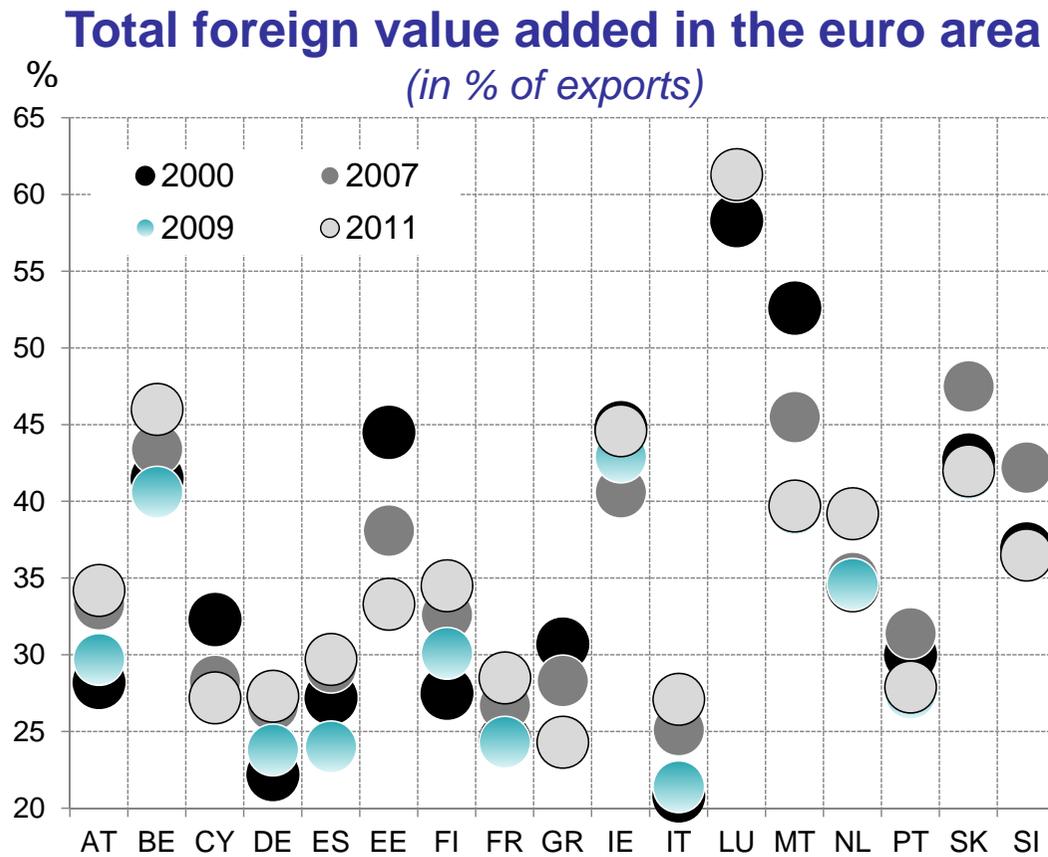
Gross and domestic VA-adjusted RCA indicators (for 2007)



Source: GTAP, Koopman, Wang and Wei (2012)

2. It is important to be a good importer, but up to what extent?

→ Foreign VA is high and rising...

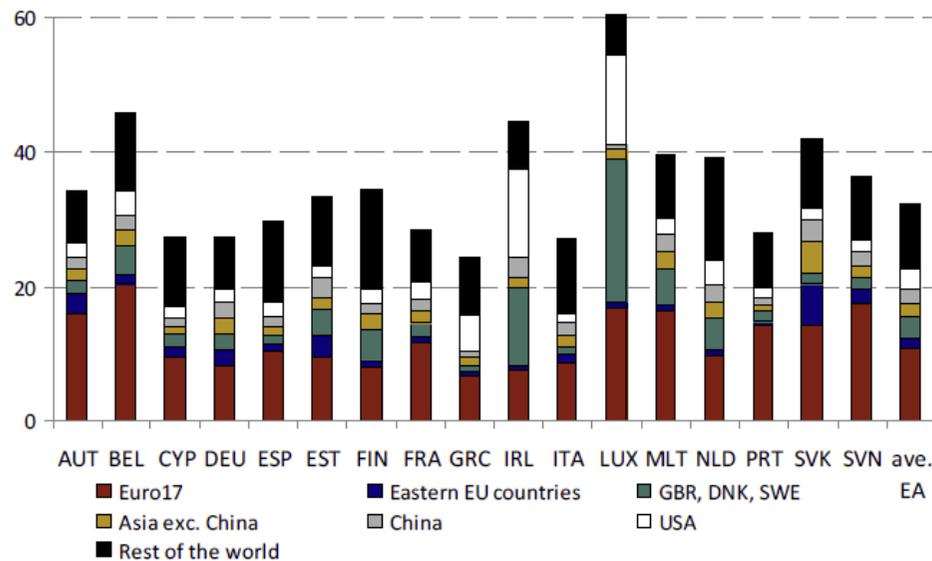


Source: WIOD, Amador, Cappariello and Stehrer

3. Resilience of the EU, but is it mostly a regional affair?

→ Foreign VA is high and rising...

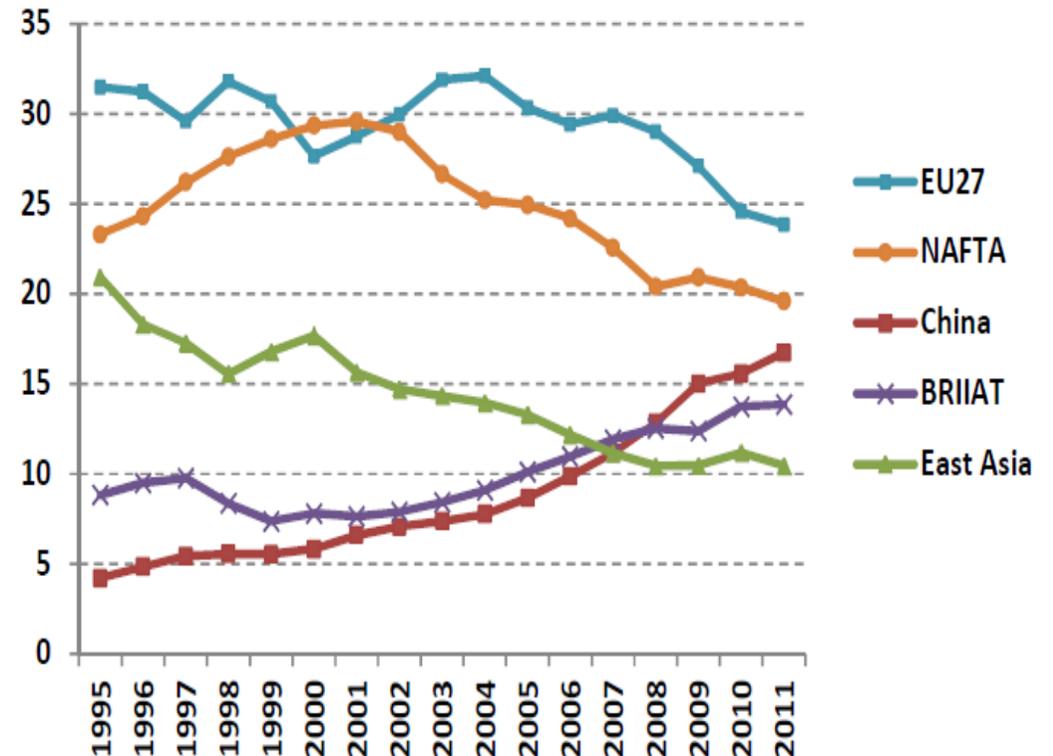
Regions' share in EU foreign value added of exports, 2011
(in % of exports)



Source: WIOD, Amador, Cappariello and Stehrer

→ But the EU performance positive

Regional shares in world GVC income
(total manufactures, in %)



Source: WIOD, Timmer, Los, Stehrer and de Vries

5. Embodied services are increasingly relevant...

- ...in terms of overall industry value-added (Liu, Mattoo, Wang and Wei)
- ...as a share of employment (Timmer, Los, Stehrer and de Vries)
 - Many service activities are traded indirectly through manufacture trade.
 - To what extent is a statistical artefact to distinguish services from manufacturing?
 - What is the impact of non tradables on the performance of tradables?

Employment in the production chain of final manufactures, 1995 vs 2008

(by sector, in 1000s)

	Agri	Manuf	Services	Total
Germany	-161	-666	1,388	561
France	-96	-423	368	-151
United Kingdom	-128	-1,148	-347	-1,624
Italy	-192	-234	517	91
Spain	-97	185	353	440
all EU15	-1,149	-2,758	2,936	-971
Poland	-468	81	368	-19
Czech Republic	-59	74	35	50
all EU12	-1,150	-251	580	-820
Total EU27	-2,298	-3,009	3,517	-1,791

Source: WIOD, Timmer, Los, Stehrer and de Vries

6. Trade and employment protection policies are not effective

1. Rules of origin may have very powerful effects but
 - They may lock countries into low-VA activities, i.e. processing. (Edwards and Lawrence)
2. Trade barriers cumulate along GVCs
 - It needs to view international production structures in their entirety (Fally and Hillberry)
3. Low skilled remain under pressure but offshoring has an overall positive impact on employment due to scale effects but
 - Protectionist policies are self-defeating
4. Deal with non-tradables!