

CompNet Workshop

Global value chains

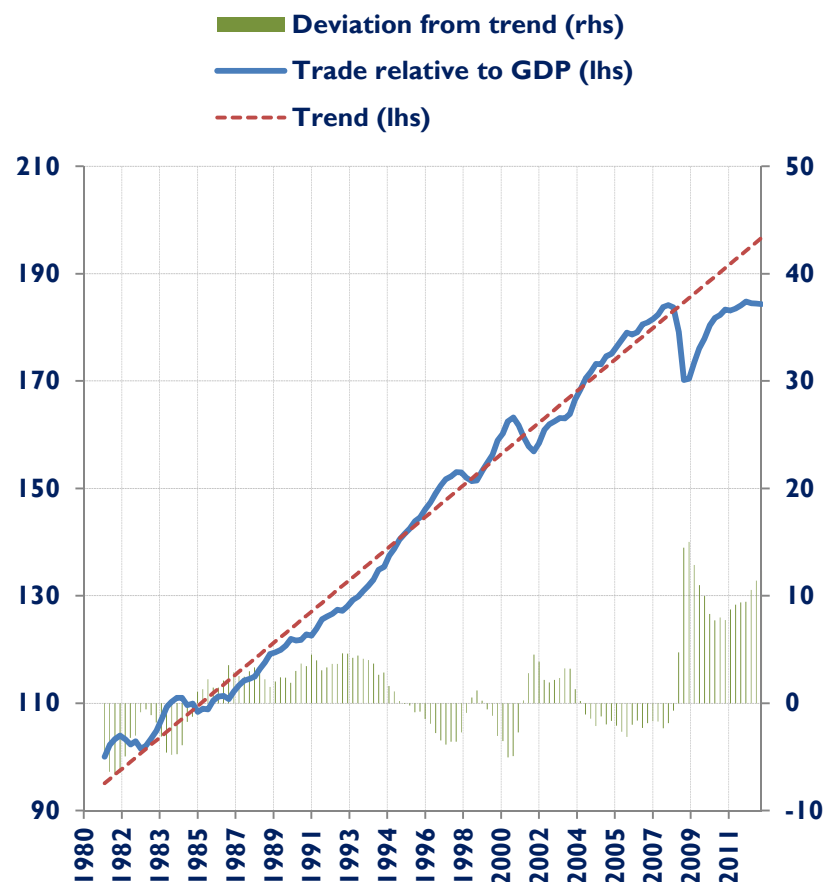
Discussion I

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I Structural change in trade elasticity?

World trade relative to GDP (excl. euro area)

(index 1981Q1=100)



Source: ECB staff calculations.

Note: GDP is trade-weighted. Latest observation 2012Q4.

- **Trade collapse**
 - **Supply side: trade finance (Manova, 2012 JIE)**
 - **Demand side: export growth components (Bussiere et al., 2011 NBER WP)**
- **Trade rebound**
 - **Structural change in GVCs?**
 - **Re-shoring?**

Offshoring versus re-shoring

- **Outsourcing decision as a matching model between firms in origin and destination country (Fahr & Vanhala, 2013)**
- **Structural change in trade patterns**
 - **Increase in (relative) domestic labour productivity**
 - **Rebound in communication costs (matching frictions)**
 - **Rigidities in Chinese labour market**
 - **Decline in foreign labour force**
 - **Tight Chinese high-skill labour market**
 - **Labour replaced with capital?**
 - **Robots producing motherboards (Krugman, 2012 NYT)**

II Introduction of the euro

- **Endogeneity of optimum currency areas**
 - **Frankel & Rose (1998 EJ)**
- **Currency union effect on trade**
 - **Identify the causal effect of the common currency on trade**
 - **Rose (2000 EconPol) 335% → Persson (2001 EconPol) 167%**
- **How does the integration in global trade networks change? (Amador et al., 2013)**
 - **Regional integration was and remains large**
 - **Substitution of domestic value added for foreign value added sourced outside the euro area**
 - **Final impact of currency union effect?**