

Discussion: Global Value Chains 1/2

(1) Overcoming The Middle-Income Trap: The Role of Global Value Chain Integration for Climbing up the Income Ladder

by D. Taglioni, D. Winkler, V. Kummritz, M. Boffa and G. Santoni

(2) Local or Global Outsourcing and Firm's Performance: Empirical Evidence from the Belgian Production Network

by E. Dhyne and C. Duprez

(3) Peak Trade? An Anatomy of the recent Global Trade Slowdown

by M. P. Timmer, B. Los, G. J. de Vries and R. Stehrer

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Overview of the papers

Various aspects of GVCs – empirical analysis

Paper (1): link between GVC participation and middle-income trap

Data: 2000-2011, 165 countries, 26 sectors

Paper (2): link between outsourcing and firm's performance

Data: 2002-2011, Belgian firms (detailed transactions, imports, exports, world input-output database on transactions in 40 countries x 35 activity types)

Paper (3): trade collapse of 2008: end of globalisation or a temporary effect?

Data: 2000-2014 (WIOD), 43 countries, 59 industries

Overview of the papers – main results

Paper (1): Overcoming The Middle-Income Trap

- GVC participation increases the probability of exiting the “middle-income trap”
- countries with lower income levels are mostly benefited

Paper (2): Outsourcing and Firm's Performance

- link between productivity and position in the G/LVCs
- link between firm's survival/LR growth and position in the G/LVCs

Paper (3): Recent Global Trade Slowdown

- Trade collapse of 2008 was of a temporary nature (a fall in demand)
- Global trade elasticity (imports/global GDP) is growing...
- ... due to changes in global production (supply chain) and global demand structure

Comments / suggestions 1

=> Explore the effects of the crisis (2008...)

Paper (1): Overcoming The Middle-Income Trap

- Estimation sample 2000-2011
- Robustness checks for 2000, 2005, 2008-2011: what are the results?
Any differences compared to 2000-2011? Consider updates

Paper (2): Outsourcing and Firm's Performance

- Try robustness checks: e.g. 2000-2008 vs. 2009-2011
- Consider updates (see Paper 3: WIOD using 2000-2014 data)

Paper (3): Recent Global Trade Slowdown

✓ An explicit assessment is already done.

Comments / suggestions 2

=> Empirical analysis (panel regressions)

Paper (1): Overcoming The Middle-Income Trap

- What are the time series properties of the data? (determine the order of integration / cointegration)
- Consider 2SLS to deal with non-stationarity
- How homogenous is the panel of 165 countries? Consider regressions by country groups and testing the assumption of common coefficients (slopes)

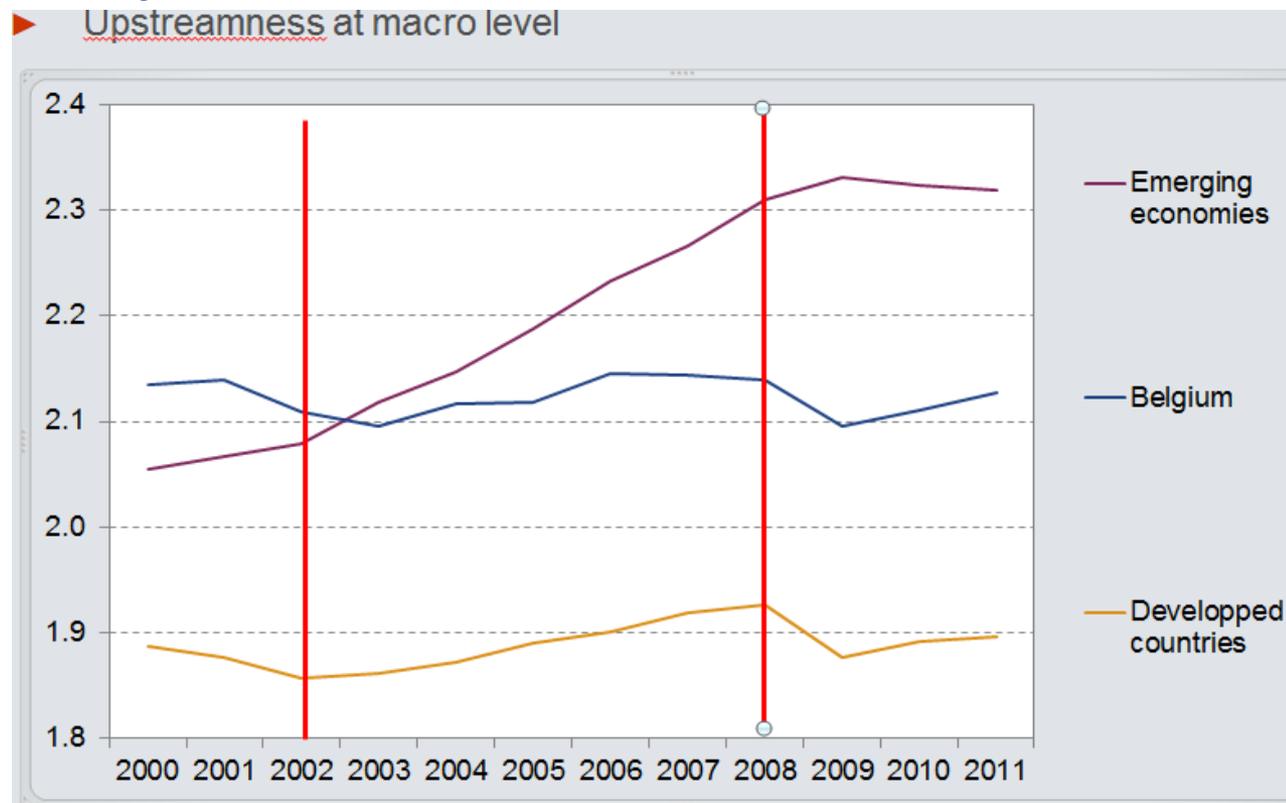
Paper (2): Outsourcing and Firm's Performance

- It would be also useful to show stylized facts (change over time)
- and describe the composition of the sample (firms)

Comments / suggestions 3

Motivation to examine the effect of the crisis (Paper 2):

=> Is there any change in the regime to be accounted for in the empirical analysis? 2002-2008 vs 2008-2011

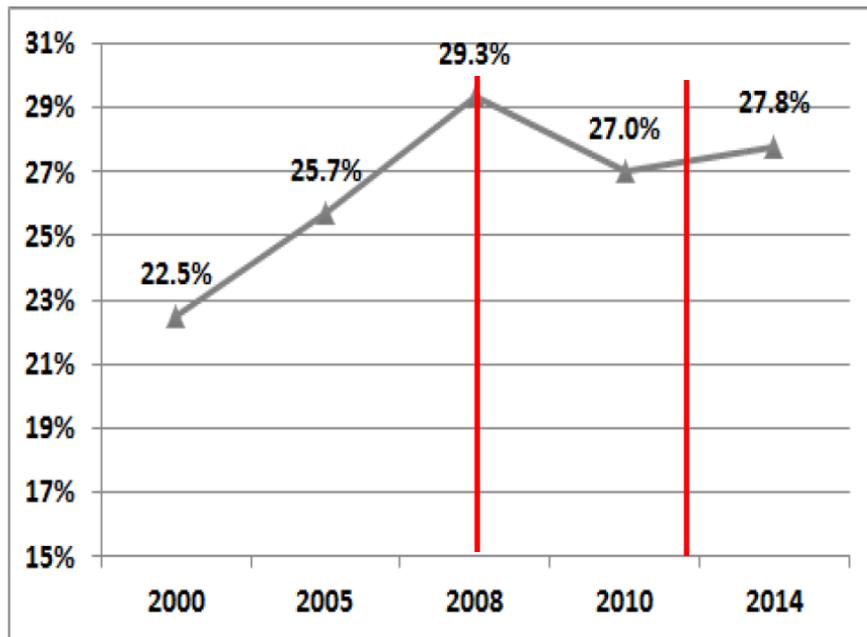


Comments / suggestions 4

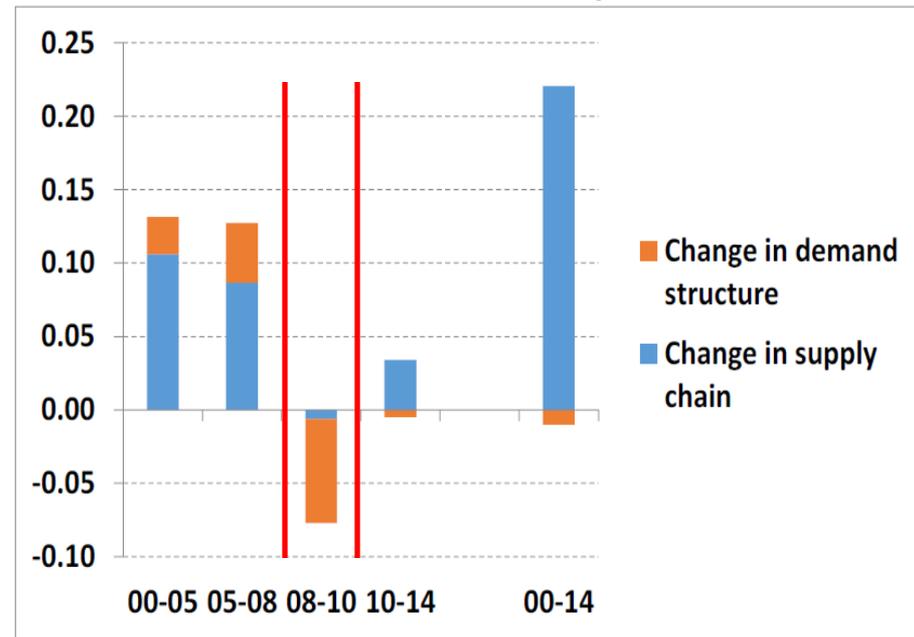
Insights for Papers 1 & 2 from Paper 3:

➤ 2000-2011 might contain a structural break

Trade in goods and services (as percentage of global GDP)



Change in Trade to world-GDP ratio (log-change), 2000-2014 and sub-periods



Comments / suggestions 5

Questions to Paper 2:

- What are these Belgian firms with highest performance?
- Is it possible to identify their characteristics in terms of e.g. size, sector, type of workers?
- How different are these best-performing firms in normal times versus the period of crisis? (the effect of shocks on firm's performance)

Comments / suggestions 5

Paper 3:

- As outlined in the paper, it would be useful to perform the analysis on the basis of constant price series (and with annual data)
- Compare the results /approach to other studies, e.g. IMF WP No. 15/6 "The global slow-down: cyclical or structural?
Rich literature on this topic exists
- Consider regression analysis to account for the dynamics (speed of adjustment)
- Consider country specific decompositions

Jarkko Jääskelä and Thomas Mathews (2015) Explaining the Slowdown in Global

Trade <http://www.rba.gov.au/publications/bulletin/2015/sep/pdf/bu-0915-5.pdf>



Thank you for your attention

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