



European trade policy and global value chains

- how do they fit?

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FTAs and DCFTAs

The Doha round is stuck – hence bilateral deals
(exception: trade facilitation)

FTAs still about traditional trade and tariffs

Traditional market access issues, export opportunities

DCFTAs – deep and comprehensive agreements

Including NTBs, services, FDI, procurement, IPR...etc





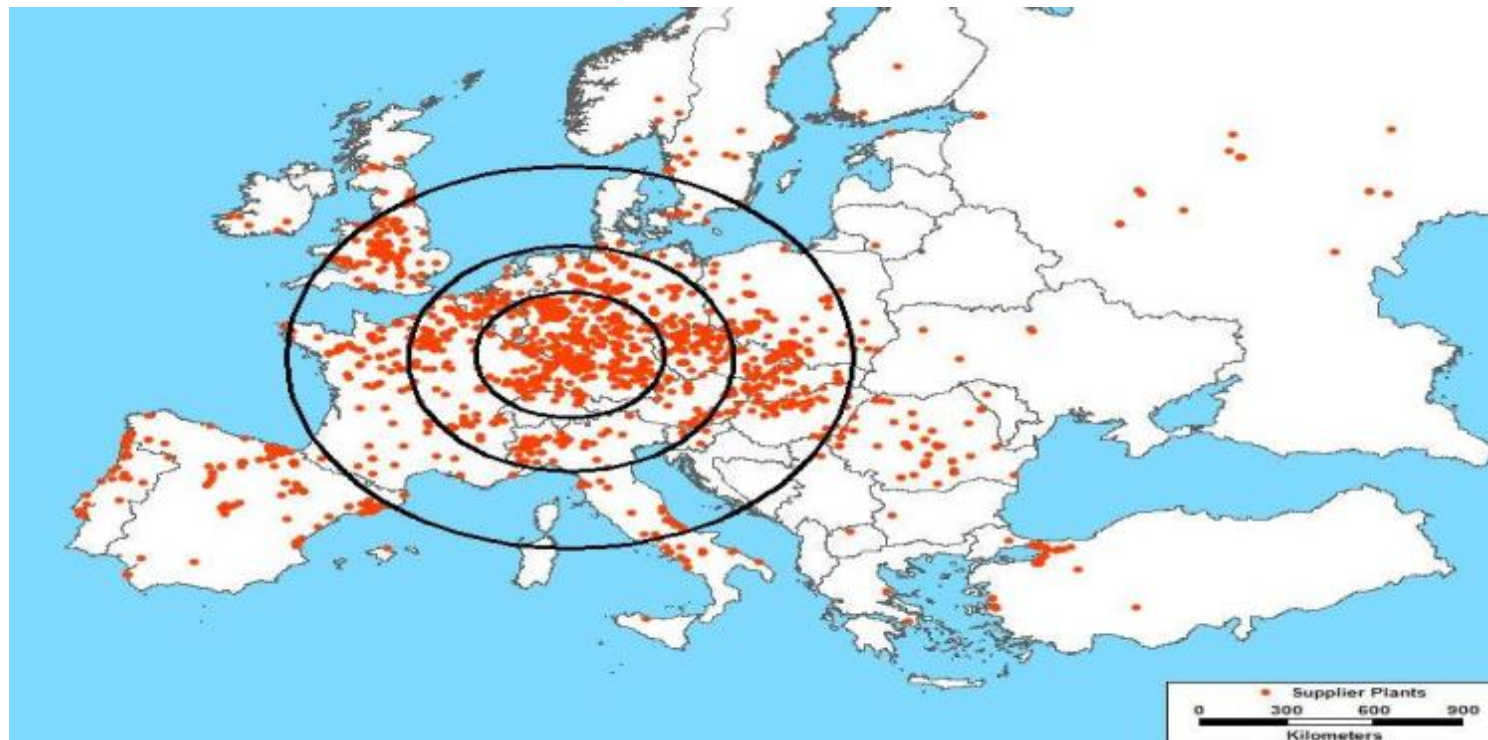
Looking at world trade through the lens of new insights

- Capturing value in the value chains
 - Servicification
 - Importance of FDI
- Some (1) basic facts, (2) our policies and (3) missing data



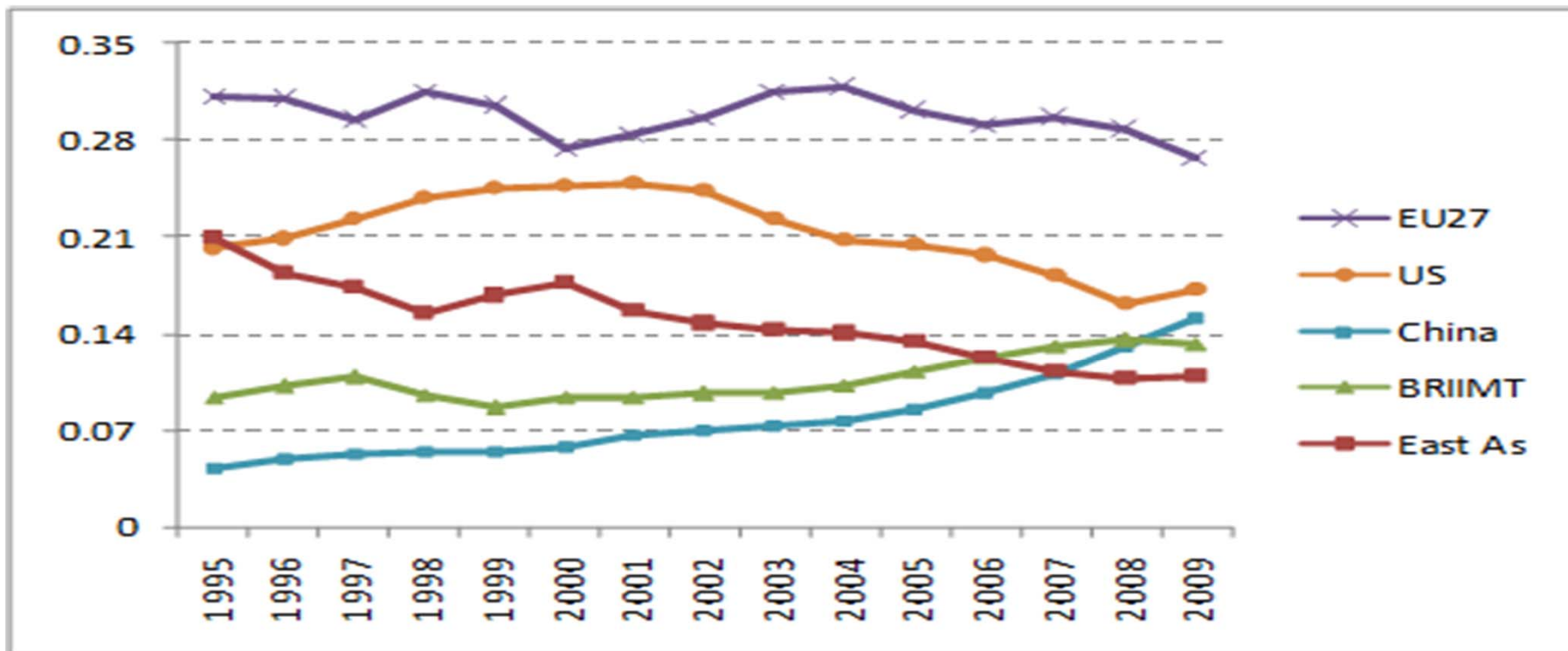
(1) For the EU, the internal market matters most

Proximity in production plays a role: production plants of the 100 largest car parts suppliers for the EU



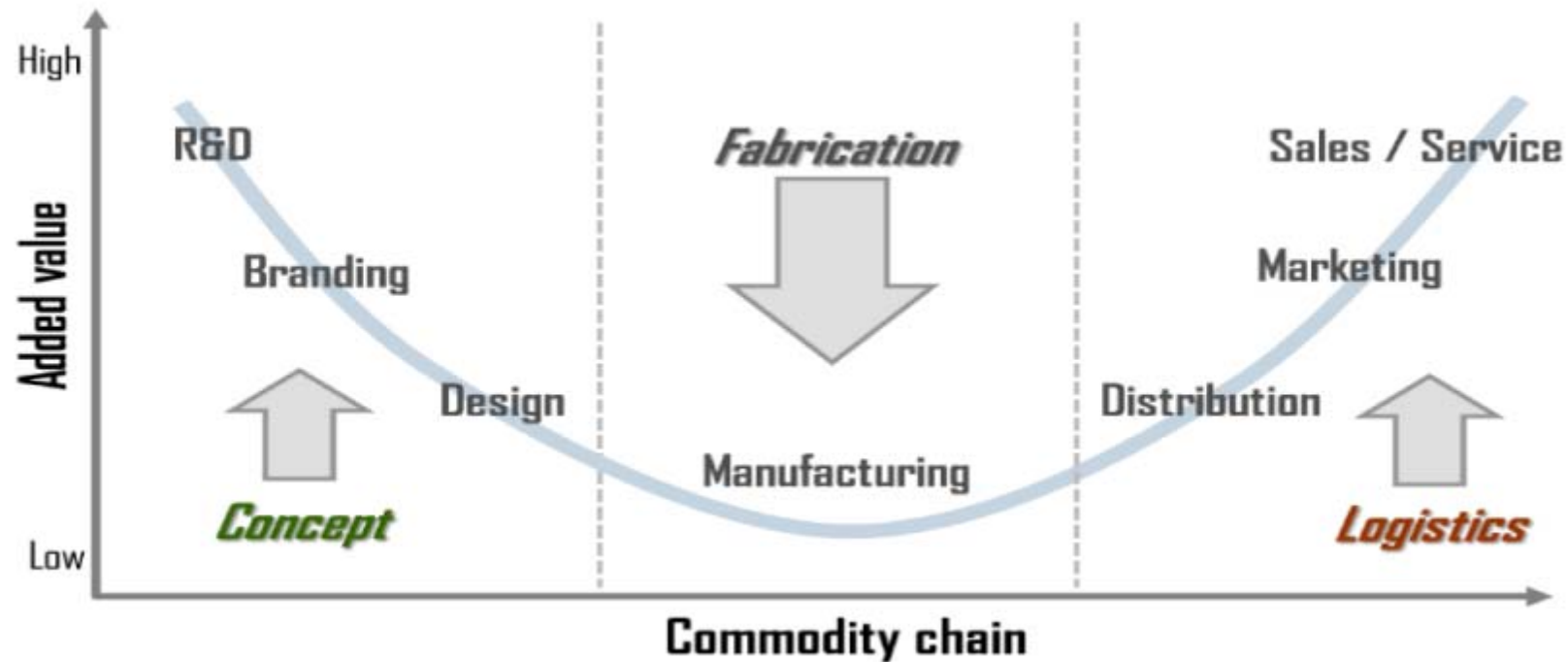
87 %
sourced
inside
the EU

(2) Shares in world GVC income



GVC income: Competitiveness as the ability of an economy to capture income from the ever more internationally fragmented production processes. Export shares weak indicators

(3) Servicification



40 % of EU exports of manufactured goods is actually services. 55 % of EU the value added of gross exports originates in the services sectors



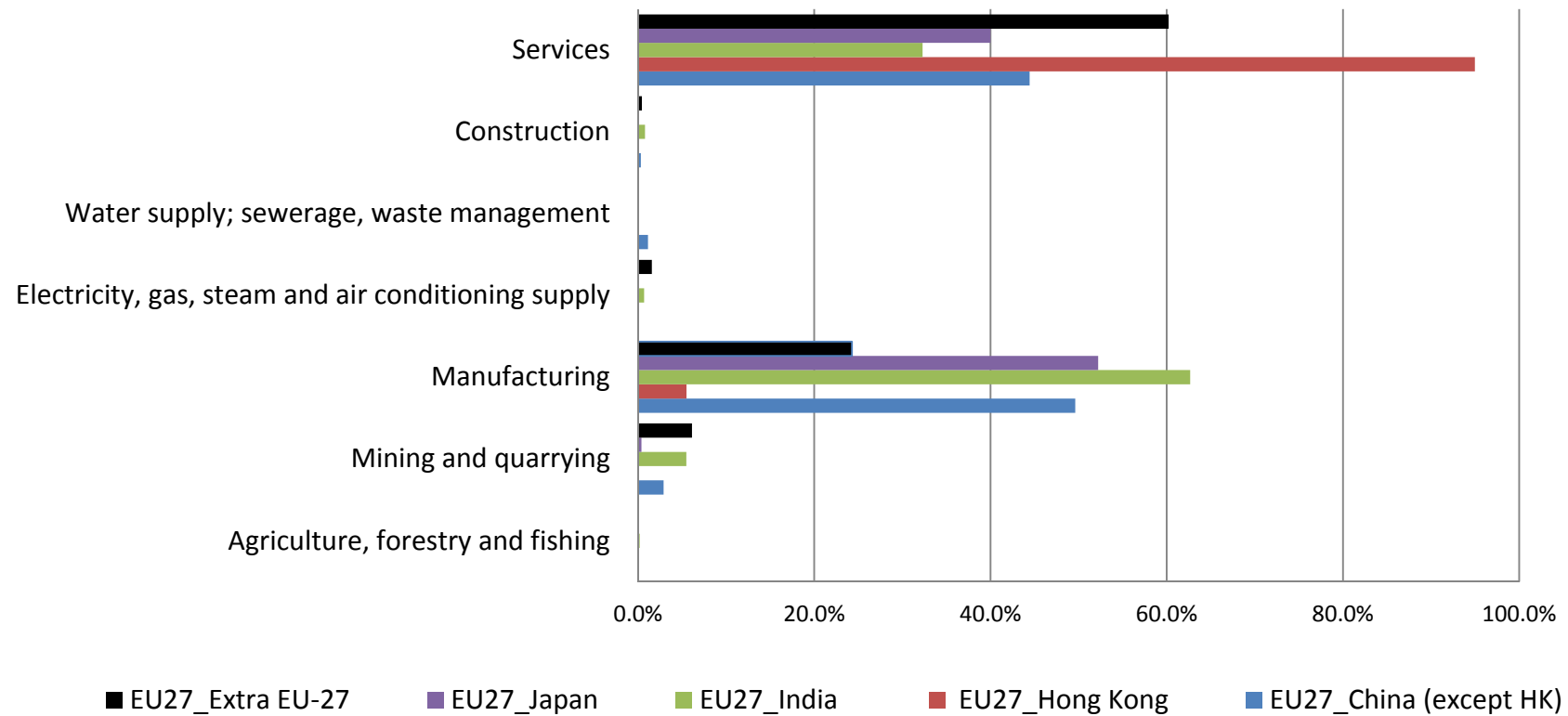
(4) EU's investments in the world

Rank	Country	Mio euro
1	USA	123.513
2	Offshore financial centres	41.082
3	Canada	29.257
4	Brazil	28.399
5	China + Hong Kong	25.426

An example: for Indonesia, there is FATS data only for 5 EU MS (D, FR, IT, S, FIN) and they alone sell slightly more in Indonesia via their local affiliates than all the EU27 combined export to Indonesia.

FDI is mostly in services sectors

Stock of EU outwards investments by sector (2010, %)





What we have accomplished

"Assembled in Europe": 10% of EU exports is processing trade (for auto industry, 50 %). Also tariff suspensions

Korea FTA

Singapore FTA

(Ukraine FTA)





What we want to accomplish

DCFTAs also with neighbouring countries

China FDI agreement?

WTO services plurilateral...

FTAs with Japan and US. Both for goods and services and NTBs. From regulatory dialogues to negotiations for FTAs





Missing data – trade flows and barriers

Goods flow: time series WIOD (GVCs)

Goods barriers: much better NTB data needed, not least standards

Services flows: higher level of disaggregation + mode 4

Services barriers: more STRI

FDI: more detailed FDI-data + FATS needs to be complemented, time series + data on value added and repatriated profits for affiliates





European
Commission

Thank you

