Advances in the World Trade Research Agenda & ARTNeT Responses: 2004-2014

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Outline

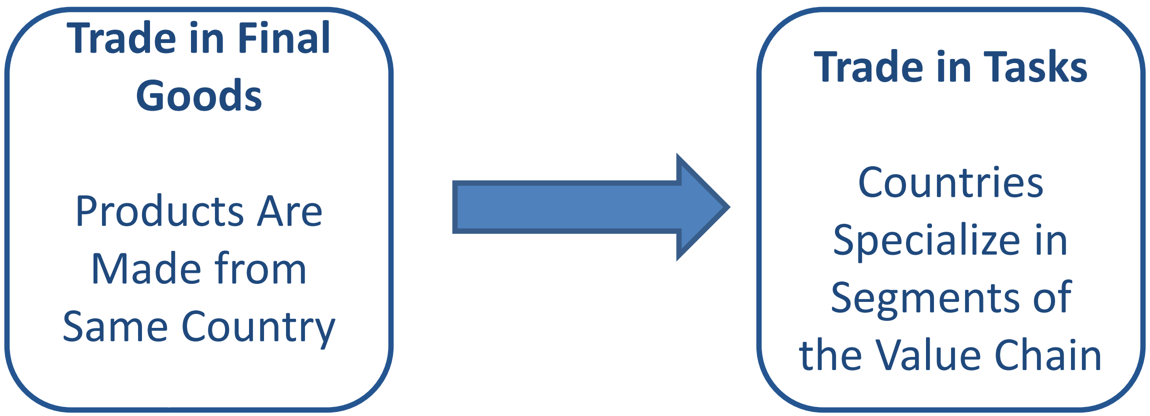
- Developments in the World Economy 2004 to 2014
- Recent Developments in Trade: Product Fragmentation & GVCs
    - Trade Facilitation
    - Trade & Investment Policies
    - Emergence of the Services Sector
- Overall ARTNeT Responses
    - Research
    - Training & Capacity Building
    - Trade Related Conferences & Outreach
- ARTNeT Research Agenda for the Future

Developments in the World Economy 2004-2014

- 2006/2007: Collapse of the US Sub-prime Market
- 2008: Global financial crisis
- 2009: Euro Crisis
- 2010-2014: Global economic recovery

Recent Developments in Trade: Product Fragmentation & GVCs

- Trade Increasingly Unbundled
  - Changed from 'Trade in Final Goods' to 'Trade in Tasks'
  - Goods are 'Made in the World' rather than in One Country



- Income from trade flows within GVCs: doubled between 1995 & 2009

- 60% of Global Trade (USD 20 trillion) consists of Trade in *Intermediate* Goods & Services

Recent Developments in Trade: Product Fragmentation &GVCs contd…

- Involves Countries at all levels of Development: Rich to Poor

- Income from trade flows within GVCs between 1995 & 2009 increased in many parts of the world:

  China (by 6 fold), India (5 fold), Brazil (3 fold)

- Import Content of Exports expected to Rise

Import Content	
1990s	20%

↓

Import Content	
Current	40%

↓

Import Content	
2030	Forecasted to reach 60%

Recent Developments in Trade: Product Fragmentation &GVCs contd…

- Important implications for Trade & Investment Policies, and Growth & Development of Countries
  - Income growth →growth in jobs (i.e. in Germany jobs associated with GVCs doubled to 10 mn jobs between 1995-2008).

  - GVCs can build Productive Capacities of Developing Countries

    i.e. through local firms

  - Successful Participation important to ensure Inclusive Growth of countries
    - Long-term benefits of GVCs not automatic

Recent Developments in Trade: Product Fragmentation &GVCs contd…

- Successful participation by countries in GVCs depend on a number of factors:
  - Trade Facilitation Measures
  - Trade & Investment Policies
    - Open, transparent and predictable policies will ensure that benefits from GVCs are inclusive & extensive
  - Efficient & Competitive Services
    - Services account for over 50% of exports -in value added terms – for some countries
  - Levels of Market Liberalization
    - i.e. NTMs can be a barrier in a country’s participation in GVCs

- These areas have been some of the key areas of ARTNeT’s research agenda in the past few years with extensive research being carried out on Trade & Development, TF, FDI & Market Liberalization

Trade Facilitation

- Multiple border crossings put more emphasis on TF
- Products now cross borders as inputs as well as final goods
- Efficient customs & port procedures essential for supply chains' smooth operation
- Participation in global production networks dependent on quick, efficient & reliable timeframe in importing/exporting
- TF has developed to be a crucial element of trade