



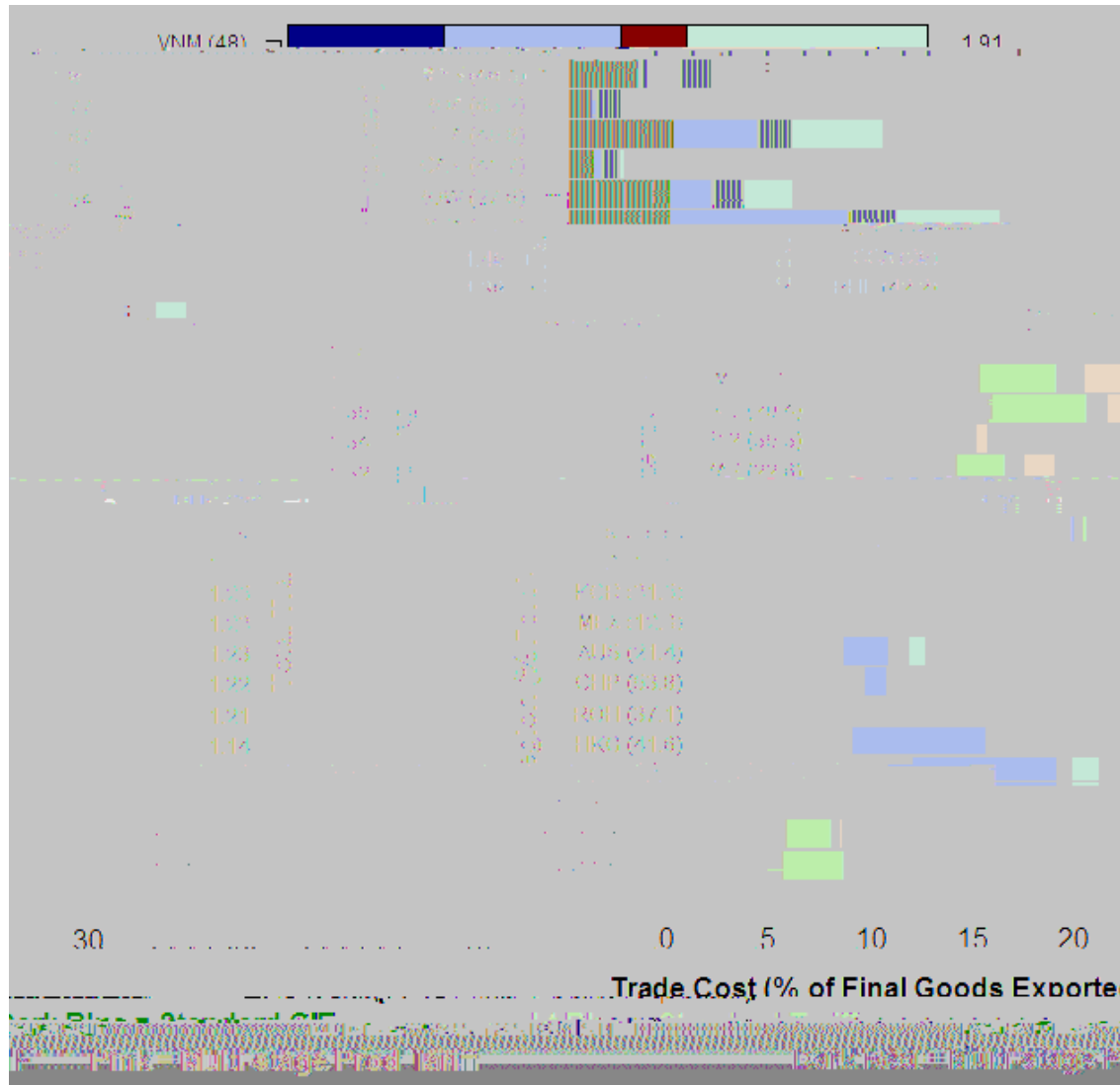
GLOBAL BUSINESS REALITY AND TRADE POLICY

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WTO Public Forum 2012, “Global business reality and
global governance challenges”, 26 September 2012



The magnification effect and cumulative trade costs



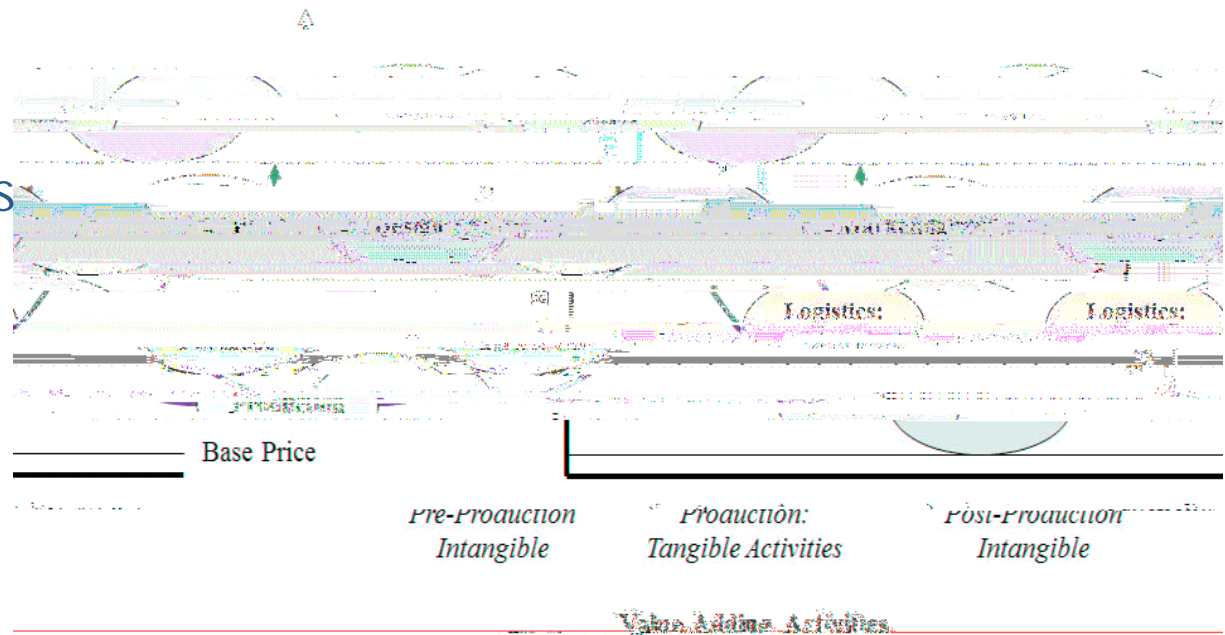
- The impact of protectionist measures depends on the participation and position of countries in the value chain.
- There is a magnification effect along the value chain: upstream suppliers are more impacted than downstream producers.

Source: USITC (2012)



Specialisation in production stages

- Being stuck in the middle? Value created upstream and downstream – what does 'moving up the value chain' means?
- Emerging economies: making sure that value 'sticks'
- Developed economies: retaining value creation
- Importance of knowledge based assets



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Implications for trade negotiations

- Dealing with trade, services, investment and competition
 - “Deep integration” agreements covering all dimensions of market access
 - Including “private” barriers
- Involving the private sector in trade negotiations
 - From “commitments” to actual policies facilitating business
- Neutrality vis-à-vis sourcing strategies of firms and forms of market access
 - Outsourcing versus vertical integration
 - Modes of supply
- A new case for multilateralism
 - International production networks vs. the spaghetti bowl of RTAs
- Towards a more granular approach
 - Heterogeneity of GVCs
 - More targeted approaches for policies to have an impact on firms



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