

Trade, jobs and value-added: A new look at EU competitiveness



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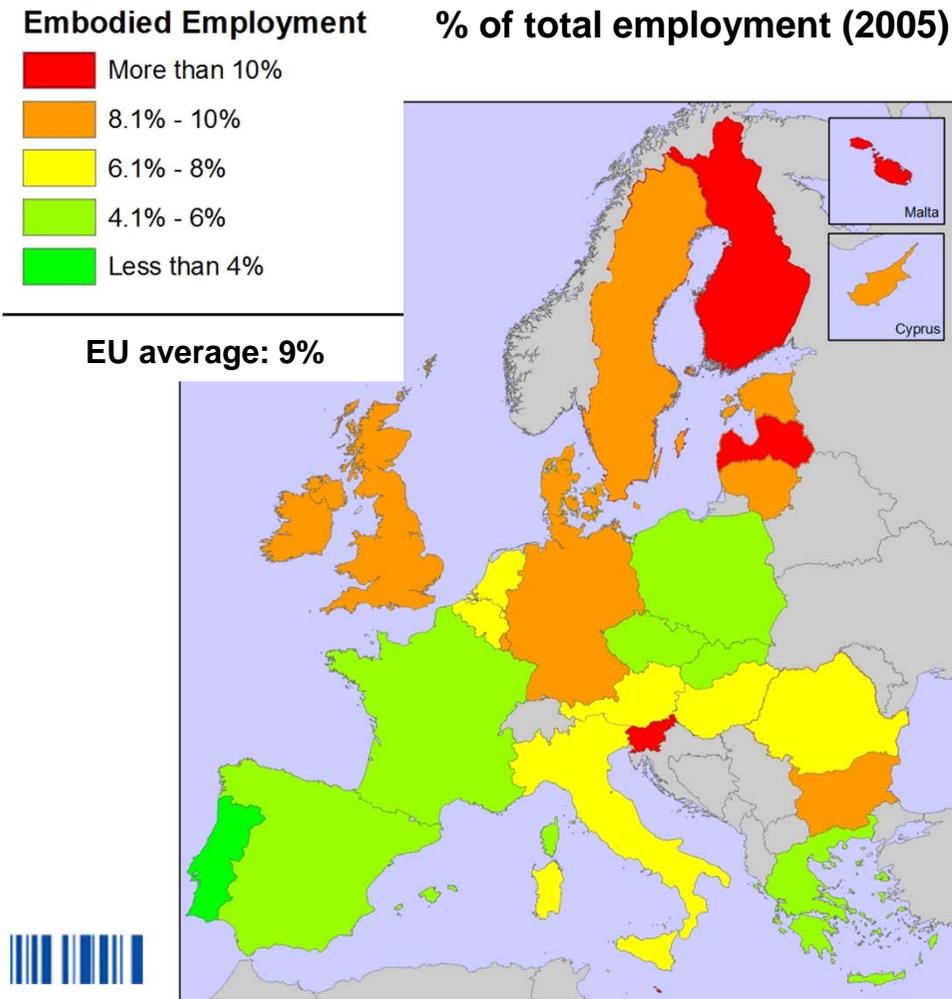
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The new EU trade and investment policy: eager to ink and ready to act



- **Eager to ink:**
 - Multilateral and bilateral negotiations: are top on our agenda
 - Strategic Partners: US - TEC, China - HED, Russia – WTO
 - if everything successful, trade policy alone can add some 1.5% to EU GDP annually
- **Ready to act:**
 - Enforce our rights and tackle barriers abroad, including on public procurement
 - Promote sustainable development around the world
 - New measures in support of export competitiveness of SMEs
 - Foster mutual supportiveness between Single Market and global economy
- **For all these objectives coherence between policies and global value chains is key**

Export competitiveness and job creation: a value-added analysis



- Between 19-20 million jobs in Europe are directly dependent on our export competitiveness
- 36 million jobs dependent on overall trade performance (exports, imports, productivity gains, wage premium)
- 21% of these jobs were generated through a “Single Market” effect

Source: European Commission IPTS-Sevilla (J. Rueda-Cantuche et al. forthcoming study)

Some policy question marks....



- **Bilateral trade gaps:**
 - the magnitude (and political perception) of a bilateral deficit/surplus is likely to change. Identifying the value-added different countries add to global value chains produces new perspectives on specialisation and comparative advantages.

- **Rules of origin:**
 - To what extent does the complexity of rules of origin in bilateral trade agreements thwart the development of production supply chains? Can we devise better RoO as part of the current reflection on the future of the WTO?

- **Trade volatility:**
 - Do global supply chains lead to trade collapse during economic shocks? Or do the fixed costs of establishing production linkages and the existence of long-term contracts associated with supply chains act as built-in stabilizers for the global economy?

- **Protectionism:**
 - Do increasingly complex global supply chains (and the increase in vertical trade) deter protectionism? What lessons could be drawn from the great recession of 2009?

- **Exchange rates:**
 - There may be new and important implications for the way we assess the impact of bilateral exchange rate movements.

