Global value chains and deep preferential trade agreements: promoting trade at the cost of domestic policy autonomy?

Dominique Bruhn

Bonn 2014
Contents

Abbreviations

1 Introduction 1

2 Trading value added: measurement and stylised facts 2
   2.1 Measurement, concepts and indicators 3
   2.2 Facts and figures 6
   2.2.1 Participation in GVCs 7
   2.2.2 Value capture in GVCs 9

3 Evaluating the role of PTAs: deep provisions for global value chain trade 11
   3.1 Implications of tariff and non-tariff barriers in GVCs 11
   3.2 The proliferation of deep provisions in trade agreements 12
   3.3 Empirical evidence: PTAs, value chain trade and investment 18

4 Balancing the trade-offs: policy implications of deep PTAs 20
   4.1 Developing country objectives in GVCs 20
   4.2 The ambivalence of deep PTA provisions 22
   4.3 Summarising the trade-off 26

5 Policy recommendations 27

6 Suggestions for further research 29

7 Conclusion 30
Figures

Figure 1: Explaining the concepts of gross and value-added trade 5
Figure 2: OECD and non-OECD shares of world trade in value added 6
Figure 3: GVC participation by income category 8
Figure 4: Domestic content share in exports by income category 10
Figure 5: Average depth of trade agreements (concluded 1948-2009) 13
Figure 6: Average depth by category 14

Tables in the Appendix

Table 1: Country Coverage by income category 41
Table 2: WTO+ and WTO-X areas 41