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ECIPE PRESS RELEASE — NEW OCCASIONAL PAPER

Positioning on the Global Value Chain Map: Where do You Want to Be?

Brussels, Belgium, 5 February 2015 - In recent years the concept of trade has changed. A final good crossing from one country to another developed into a complex structure of trade in inputs across national borders. This is the world of global supply chains or, as they have recently become known, *global value chains*. It requires a new paradigm of trade policy. The cost and benefits of trade policy need to be assessed differently than in the past for all countries. However, where exactly are countries positioned within the GVC space?

This paper evaluates the importance of global supply chains for every country and their relative position in the GVC space. The author particularly focuses on EU economies. He then explores and assesses which policy measures are most important to explain each of these countries' position in the GVC diagram. It is done by examining a battery of traditional and non-traditional trade policies. Finally, the paper identifies possible barriers to production and trade in GVCs so that they can reach higher gains from GVC trade.

The conclusion of this paper is that relative position within the GVCs space of each of the countries diverges greatly. Therefore, each country requires a different set of policy priorities in order to benefit from trade. For instance, within the EU some countries such as Spain and Italy would further enhance their participation in GVCs by capitalizing on traditional trade barriers or product market regulations. In contrary, others such as France could increase the gains from GVC trade by focussing on ICT-related capital measures or intangible capital stock formation.

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