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Avenue des Arts 40, 1040 Brussels
www.ecipe.org — info@ecipe.org

ECIPE PRESS RELEASE — NEW POLICY BRIEF

Globalization Isn't in Decline: It's Changing

By Erik van der Marel, Senior Economist at ECIPE & Associate Professor at ULB

Brussels, Belgium, 31st August 2020 - Globalization isn't in decline; it is simply changing. Although the COVID-19 crisis has seen a dramatic decline in goods trade, investments and the movement of people, a new type of globalization is emerging.

'This "new globalization" is based on digital services, research and development, data, ideas, and other intangibles', says Erik van der Marel, author of the study.

Old trade – trade in goods – isn't growing so fast anymore. The factors that pushed the rapid growth in goods trade in the 1990s and the 2000s are no longer the leading vectors of globalization. Now it is this new globalisation's elements – often traded digitally – that are expanding cross-border global integration.

This development has been going on for a while and has evolved more rapidly after the previous global financial crisis (GFC) in 2008-9. The GFC caused digital services trade to significantly "de-link" from goods-related services trade.

This pattern illustrates that the COVID-19 crisis will likely mark another break in trade patterns and that future growth in globalization will depend crucially on digital trade and cross-border exchange in intangibles.

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Media Contact: info@ecipe.org at +32 2 289 13 50