

Firm-level data and trade policy making

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What should (trade) policymakers learn from EFIGE?

- Trade (policy) performance depends on firm-level factors
 - "small is not so beautiful"
 - but trade exposure leads to "fatter tails"
 - "one-size-fits-all" policies needed but trade performance depends on labour, fiscal, regulatory policies
- So what?
 - Armington met Melitz: but who will bring the data to policymakers? And what to expect?
 - Well, basic messages like "trade is good for you" don't change but we can deepen our understanding

New new trade policy?

Deepening our understanding

- Old "GATT-think" is further eroded...but not enough!
 - "Two-way traders" means current import(s)/ers = future export(s)/ers
 - Processing trade: 10% of total EU exports, 50% of EU car exports are "assembled" in Europe
- WTO rules are useful and enforceable... but not enough!
 - The "value of bindings" for goods, services and investment
 - Beyond trade policy "core business": export promotion, trade finance, Aid for Trade (facilitation), subsidies?
- Trade policy "blind spots": can the EFIGE data shed some light?
 - Bring in the extensive margin!
 - Trade policy formulation dominated by "intensive margin" logic
 - Trade, FDI and global value chains: WIOD should meet EFIGE!
 - In case you had any doubts, FDI is king! Some 80% of global trade is driven by big/multinational firms
 - The boundaries of the firm: servicification of manufacturing
 - Interface with other EU policies? See the "Single Market" effect for trade performance
 - Trade policy – the "art" of FTA negotiations
 - Firm-level design of RoO, hub-and-spoke FTAs
 - Beyond tariffs, "sunk costs" and FTAs: NTBs not the "legal" measures/standards *per se* but burdensome administration