



ENHANCING TRADE AND INVESTMENT FACILITATION FOR GLOBAL VALUE CHAIN (GVC) INTEGRATION IN EUROPE AND ASIA

ELEONORA SALLUZZI, ASSOCIATE PROGRAMME OFFICER,
INTERNATIONAL TRADE CENTRE (ITC)



INTRODUCTION

AIMS OF THE STUDY



- Understand the key features of GVC integration in Europe and Asia:
 - How GVCs have spurred trade and investment connectivity in the Asia–Europe Meeting (ASEM) region
- Analyze main factors that have hampered technology and knowledge spill-overs across the ASEM region
- Propose policy recommendations to improve soft infrastructure and simplify the regulatory trade and investment environment in the ASEM region



METHODOLOGY

METHODOLOGY OF THE STUDY



- Qualitative analysis of trade and investment trends in Europe and Asia in last decades:
 - Trade in goods
 - Trade in services
 - Foreign direct investment (FDI)
- Policy analysis of areas demanding policymakers' attention in Europe and Asia to remove barriers to GVC integration
- Recommendations to further enhance Asia-Europe trade and investment institutional connectivity



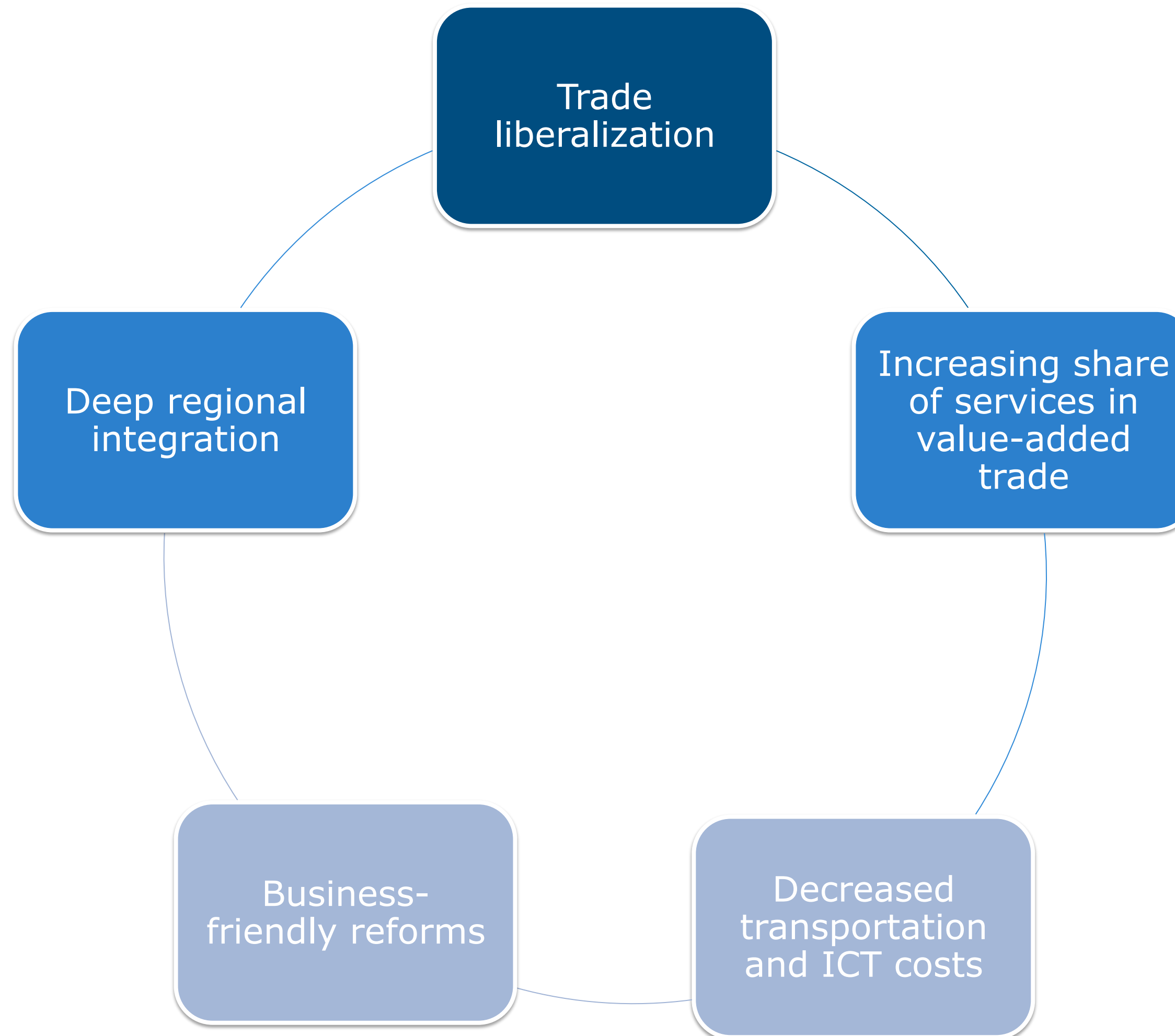
KEY HIGHLIGHTS

1) KEY TRENDS OF TRADE AND FDI IN ASEM REGION



- Intense economic activity of intraregional trade in intermediate goods has spurred GVC trade in Asia and Europe
- Manufactured goods dominate trade between Asia and Europe; nonetheless, trade in services is increasingly growing in importance
- In ASEM GVCs have clustered around regional production hubs. The distribution of value added in the production process amongst economies in regional hubs is dynamic
- Europe and Asia are the world's top destinations for FDI. In Asia, the strong GVC–FDI connection has mainly triggered intraregional foreign investment

2) KEY POLICY DETERMINANTS OF GVC TRADE IN ASEM REGION



3) BARRIERS TO GVC INTEGRATION IN ASEM REGION



- Weaker linkages of small and medium enterprises (SMEs) in GVCs
- Increasing presence of non-tariff measures (NTMs)
- Poor trade facilitation environment in least-developed economies in Asia
- Service restrictiveness
- Lack of systemic mechanism to absorb knowledge and technology spill-overs



CONCLUSION: POLICY RECOMMENDATIONS

HOW TO IMPROVE TRADE AND INVESTMENT CONNECTIVITY?



- Keep pursuing deep and comprehensive FTAs with services, investment, and trade facilitation provisions
- Use ASEM as a forum to enhance the connectivity of SMEs in the digital marketplace and advance talks on e-commerce-related topics
- Establish robust cooperation for addressing NTMs for increased economic growth
- Coordinate a regional implementation of trade facilitation reforms
- Differentiate investment policies based on the country's level of development



**THANK YOU FOR YOUR
ATTENTION!**

esalluzzi@intracen.org

