

Evolution of Knowledge on Trade and International Integration

Panel Remarks

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The state of affairs

- The World Bank staff have a unique vantage point and expertise to address with rigor and insight the policy challenges confronting the global economy
- Increased investment in micro-level data for trade analysis
 - DTA, Export Dynamics Database, The Household Impacts of Tariffs DB
 - Collaboration and partnership with governments (taxes and trade)
- Policy-relevant research priorities: increasingly focused on differential effects of trade (across firms, regions, individuals/households), the distributional consequences of trade, and trade's interaction with public finance

Looking forward—Global Value Chains (GVCs)

- The microeconomics determinants of exporting and importing within GVCs and the consequences of supply chains for domestic firms/households
 - Export concentration : Large firms dominate trade across borders
 - Connection to informal/formal traders and firms and households within countries?
- Continued investment in micro datasets is needed
 - administrative firm-to-firm data, industry-specific datasets [ex: wholesalers in Nigeria (Startz 2022), relational capital (survey by Macchiavello 2022)]; RCTs (at times combined with structural or quantitative analysis))
 - Improved measurements of key outcomes: firm-to-supplier/customer matches; prices, quality, productivity, product characteristics, frictions, innovation, etc,...

Looking forward—Trade and Development

- Traditional trade analysis commonly relies on frameworks that assume frictionless economies.
- Country and market characteristics (weak institutions, market failures, size-dependent distortions) may interact with trade in important ways (Atkin and Khandelwal (2020, 2022))
- Trade could reduce misallocation, change institutions, change the informal sector, etc. with implications for aggregate gains from trade
- Distortions can affect firm/individual participation in global markets, influencing distributional effect of trade

Takeaways

- International trade an important component of World Bank work
 - Incredibly eventful period for trade - Headwinds to globalization
- Progress on trade topics will continue to require a diversity of tools
 - Public finance, labor, industrial organization/private sector development
 - Continued expertise in institutional features & political economy of trade policy
- Continued investment in existing and new micro multi-country databases
 - New: Firm-to-firm transactions data, industry-specific data, linkages to administrative tax data, RCTs