



# **Discussion of Richard Baldwin's**

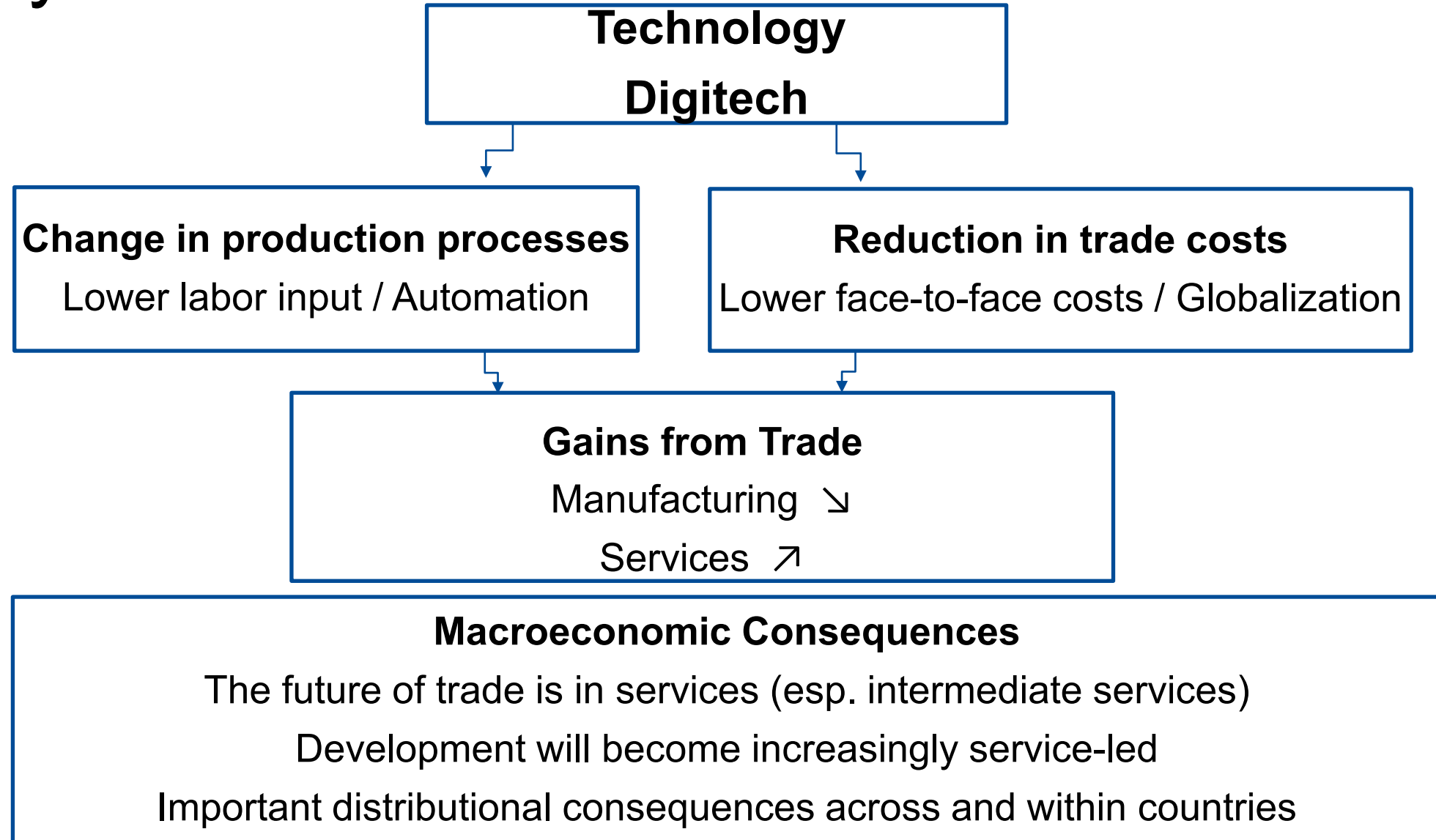
## **“Globotics, Macroeconomics and Development”**

**SERVICES AND STRUCTURAL TRANSFORMATION  
WORKSHOP**

**WORLD BANK, FEBRUARY 1, 2023**

**PETIA TOPALOVA, IMF**

# Key idea



# Extensions

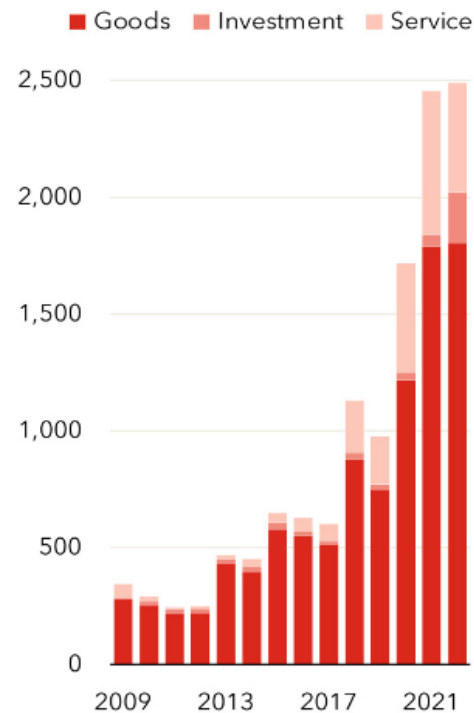
- Fantastic set of papers: lots of food for thought, extremely policy relevant
- Some suggestions
  - Add numbers to the conjecture (e.g. simulate impact of changes in labor intensity and reduction in trade costs in a multi-country, multi-sector trade model)
  - Pre-requisites for successful service-led development (Chapter 3, April 2018 IMF WEO)
  - Deepen discussion of the distributional and political economy consequences of the Globotics Transformation

# What if?

- Continuous reduction in trade barriers for services is assumed, but ...
- Significant headwinds to globalization

## Policy-induced deglobalization

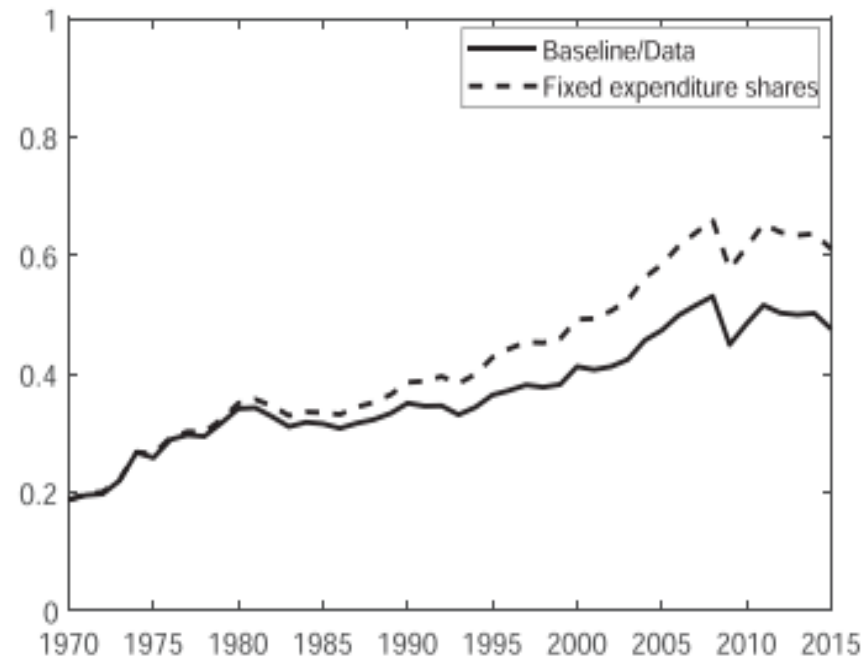
Trade restrictions imposed  
(number)



Source: Global Trade Alert and IMF 2023.

## Secular deglobalization

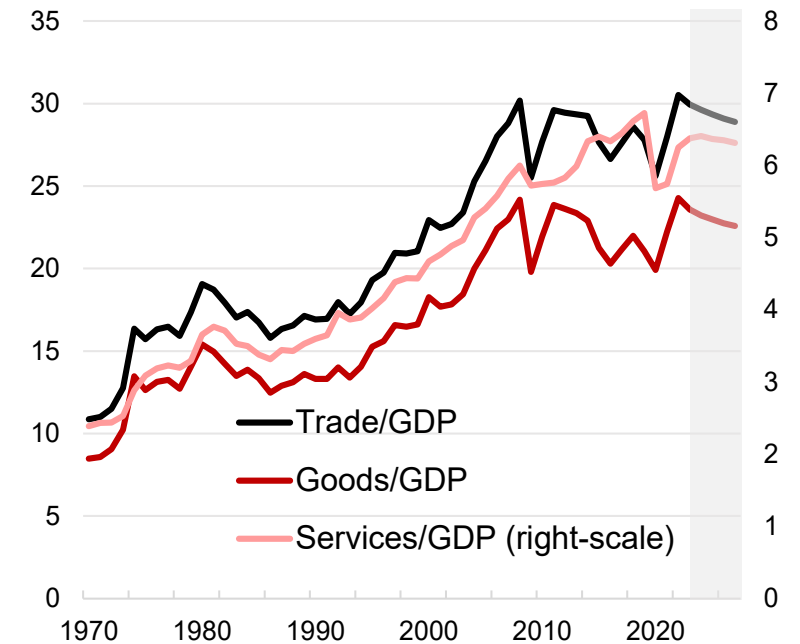
Trade and Structural Change: Baseline and Counterfactual  
(percent of expenditure)



Source: Lewis et al. 2022, "Structural Change and Global Trade."

## No increase in trade openness in the forecast (incl for services)

Trade Openness  
(percent of GDP)



Source: IMF World Economic Outlook, January 2023.