INTERNATIONAL PRODUCTION BEYOND THE PANDEMIC

Beata Javorcik
Forces reshaping globalisation

- The world may sleep walk into protectionism
- Carbon adjustment tax on imports
- Remote work => increased exports of services
- Opportunity for less popular investment destinations and retrenchment from traditional destinations

Potential for near-shoring German imports from China
Implication of FDI retrenchment

Foreign divestment & TFP

Javorcik & Poelhekke (JEEA, 2017)

Foreign acquisitions & CO₂ emissions/output

Brucal, Javorcik & Love (JIE, 2019)
Implications for Investment Promotion

- **Divergence in attitudes towards FDI**
  - More restrictions in some countries vs Other countries competing for smaller flows

- **Investment promotion works!**
  Harding & Javorcik (EJ 2011)

- **Investment promotion can be used to upgrade quality of exports**
  Harding & Javorcik (REStat 2012)

- **And to build comparative advantage**
  Harding, Javorcik & Maggioni (2019)

Dynamics of comparative advantage in sectors targeted by IP efforts versus non-targeted sectors

**Pakistan: Food Manufacturing**

![Graph showing comparative advantage dynamics](image-url)
Conclusions

• Reshaping of globalisation: fewer goods but more services traded

• Less knowledge flowing across borders: negative impact on growth in developing countries

• Divergence in attitudes toward FDI: restrictions in some countries vs fiercer competitions in others