

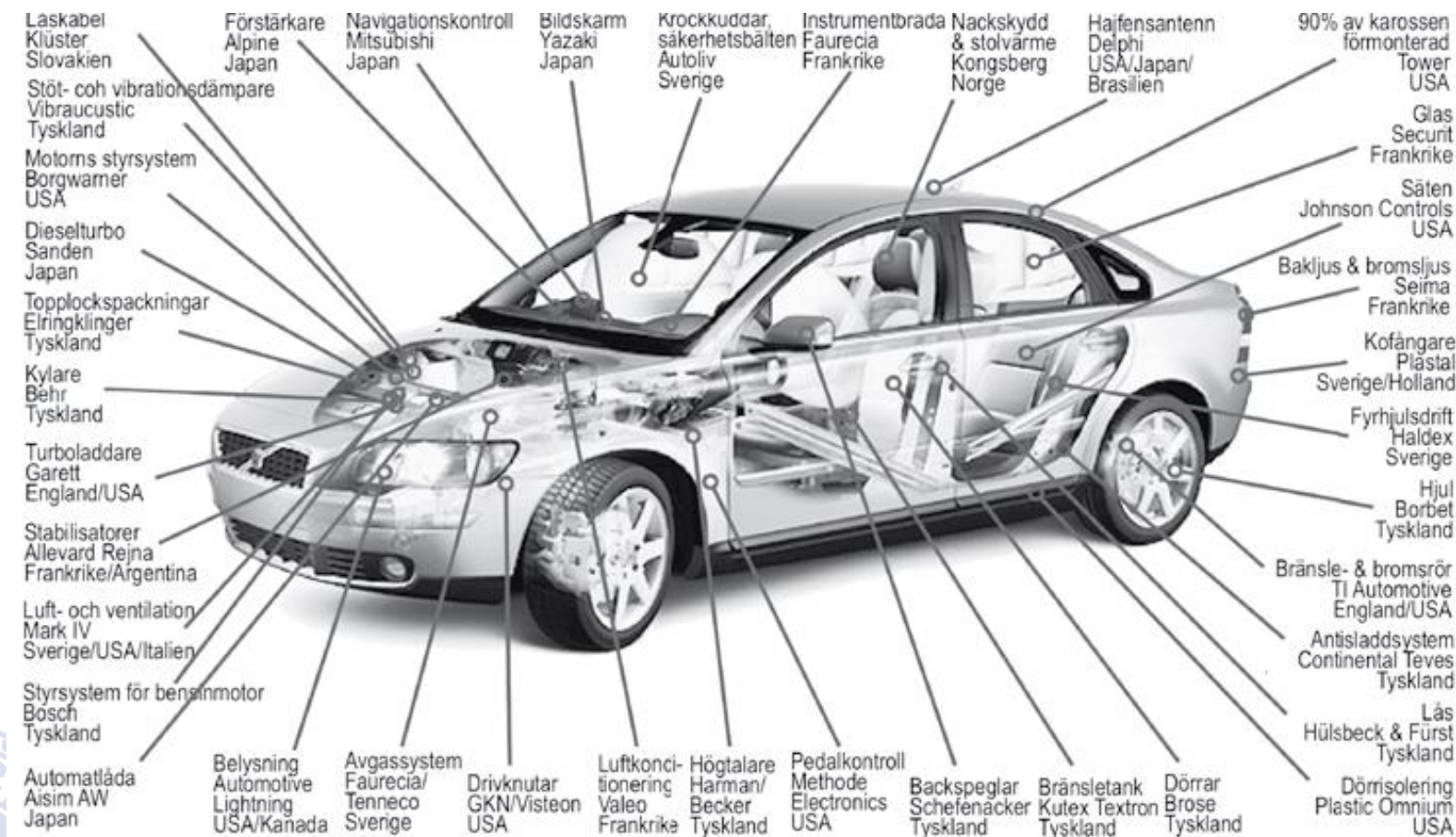
Global Value Chains and the EU Market Challenges for Ukraine

Petter Stålenheim

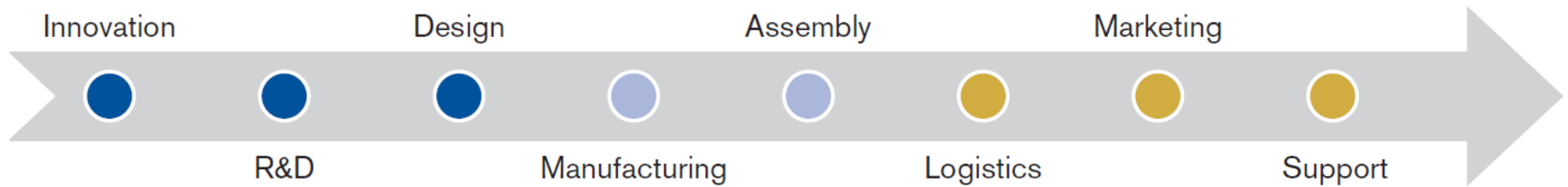
Харків 2015-11-24



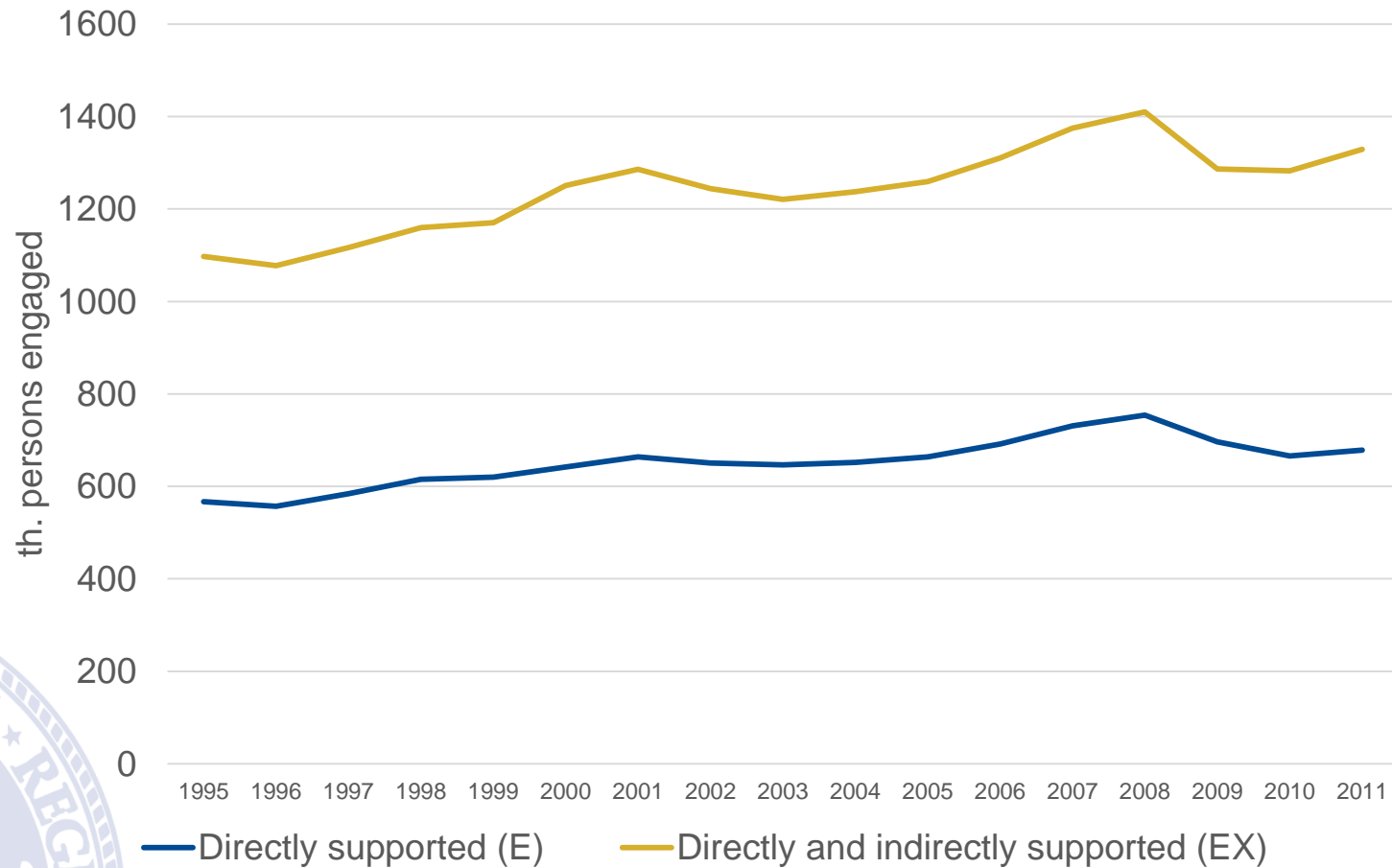
It's somewhat complicated...



Value Chains – the concept



Jobs in Sweden, supported by export



Trade and jobs

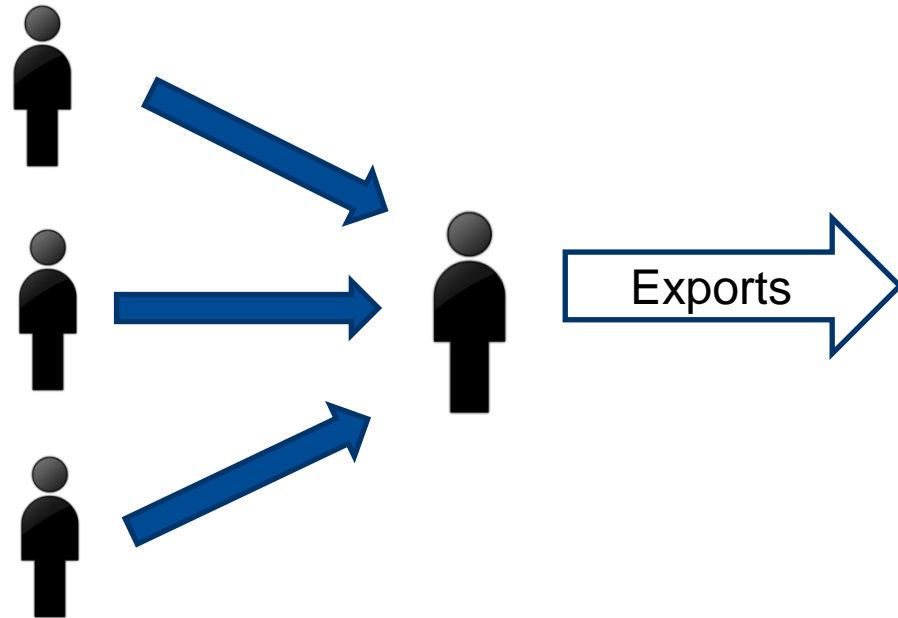
Exporting companies
Goods and services



Jobs in the value chain

Sub-contractors to exporting companies
goods and services

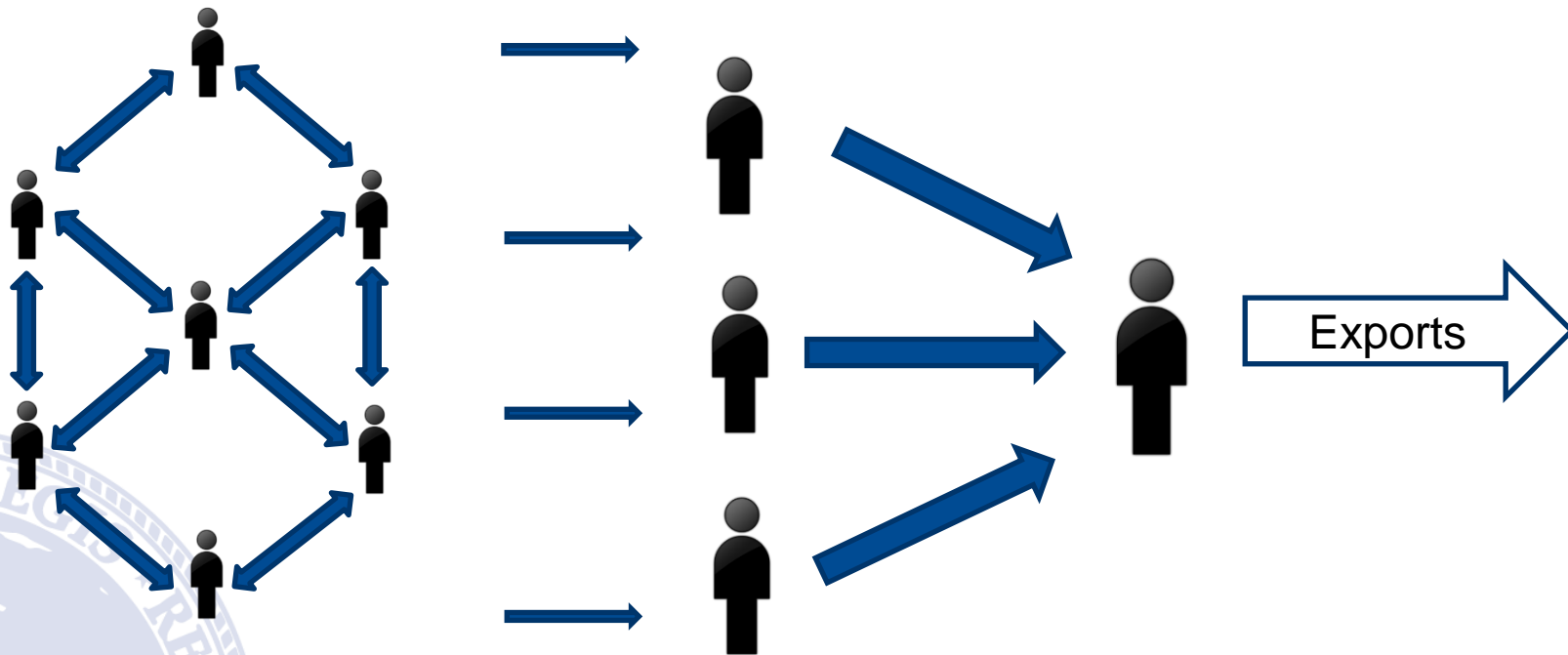
Exporting companies
Goods and services



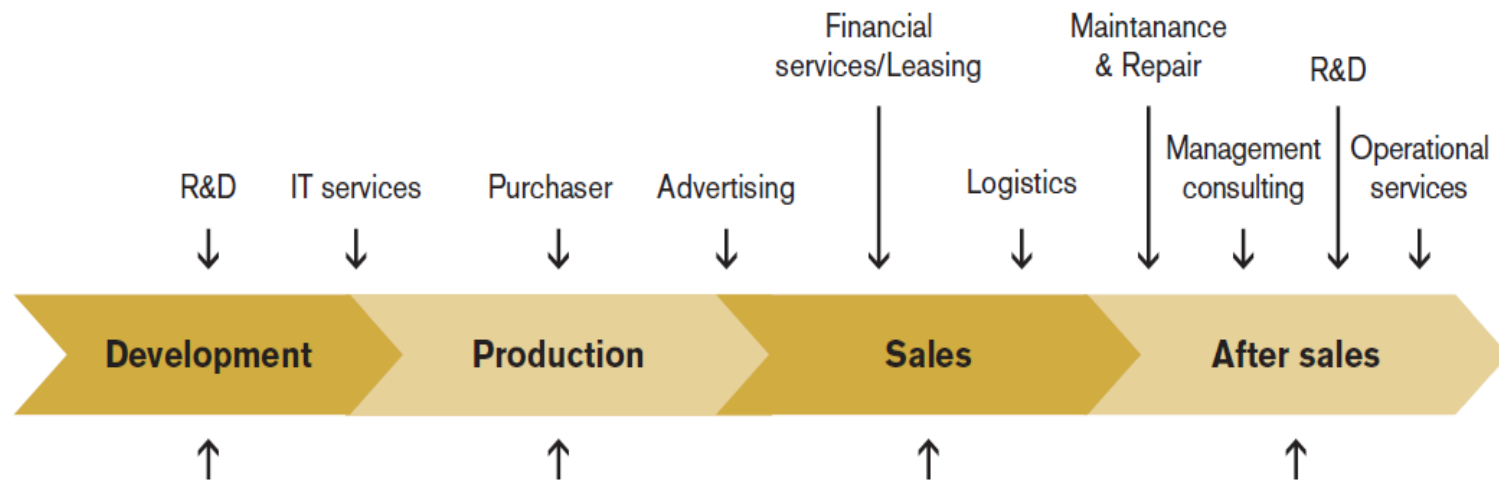
Jobs in the value chain

Sub-contractors to exporting companies
goods and services

Exporting companies
Goods and services



Examples of Services in a Production Chain



Generally used services such as postal services, telecommunication services, accounting services, legal services and cleaning.

Services needed by Sandvik for effective supply chain and delivery of goods

Legal services
Accounting, book-keeping etc.
Taxation services
Medical services
Computer services
Research and development
Rental/Leasing
Advertising
Market research
Services incidental to manufacturing
Placement of personnel
Maintenance and repair
Security services
Packaging

Printing, publishing
Design
Building-cleaning services
Photographic services
Courier services
Logistic services
Postal services
Telecommunications
Audio-Visual services
Educational services
Environmental services
Banking services
Insurances
Health related services
Hotels and restaurants
Travel agency services

Maritime transport – freight
Inland waterways – freight
Air transport - freight/passenger
Road transport – freight/passenger
Cargo-handling services
Storage and warehouse services
Freight transport agency service
Feeder services
Energy services

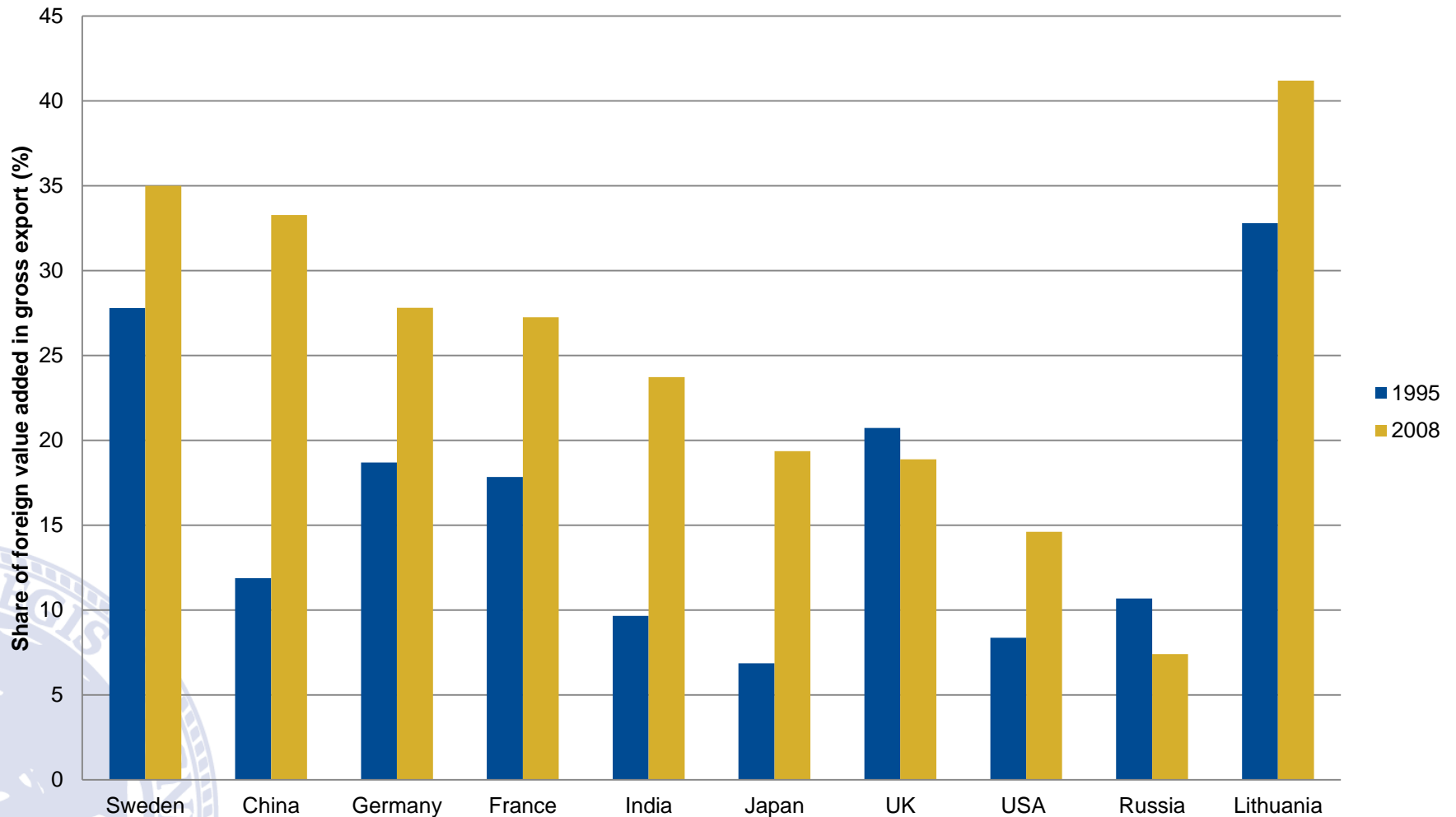
Services delivered by Sandvik to the customer



Computer services
Research and development
Rental/leasing
Maintenance and repair
Management consulting
Technical testing and analysis services
Services incidental to manufacturing
Design
Environmental services
Financial services
Logistics
Warehouse services



The import content of exports by country



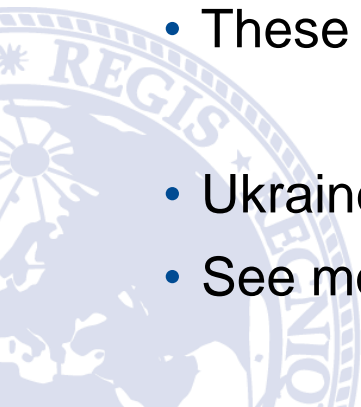
Effects of trade barriers for intermediates

- Lower manufacturing exports
- Lower manufacturing exports in value added
- Affecting both exports and its contribution to GDP

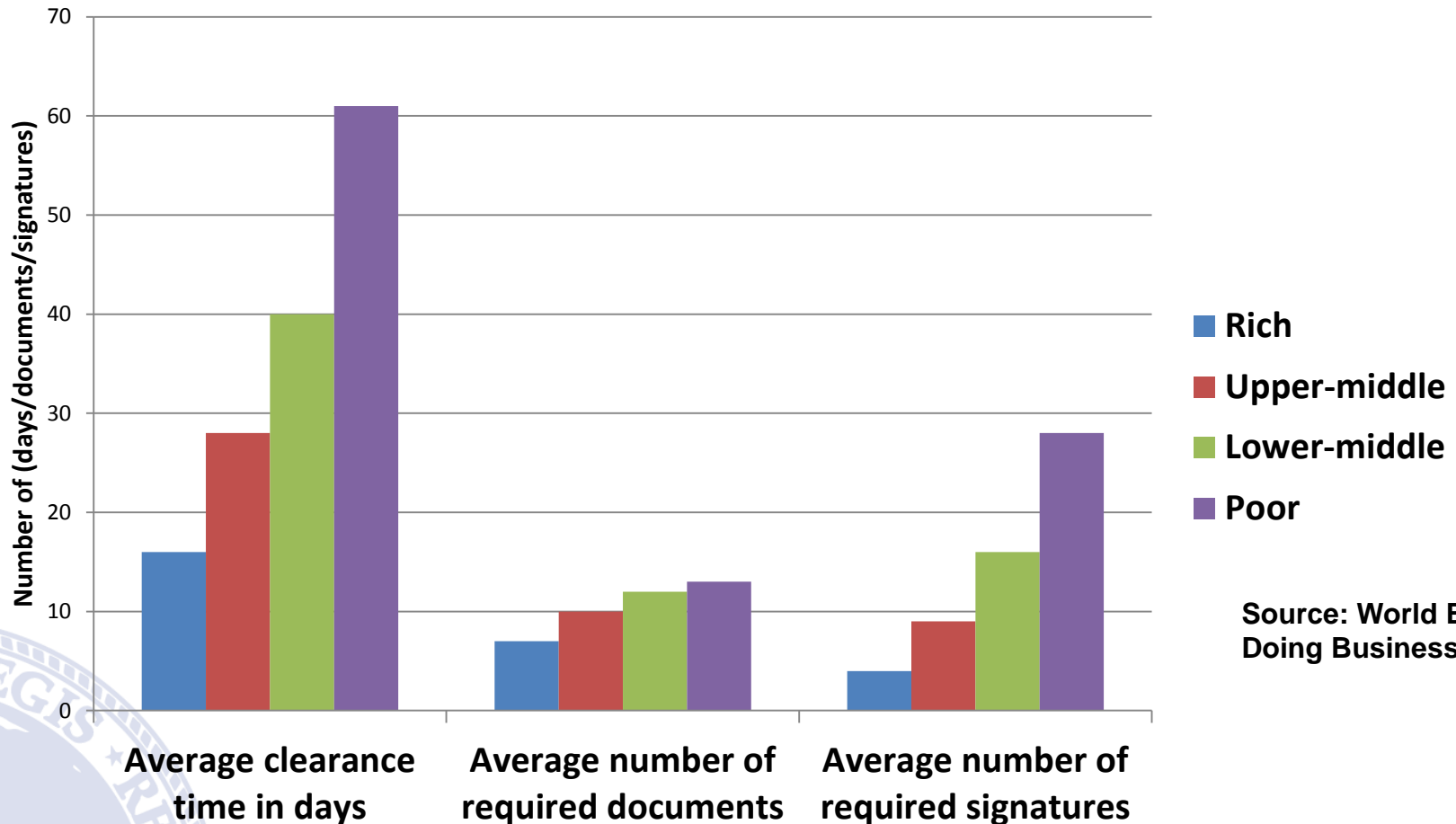


Trade barriers and GVC participation

- The price of protectionism is higher
- Barriers to trade can have cumulative effects
- Main barriers:
 - Cumbersome trade procedures
 - Tariffs
 - Standards and regulatory issues
 - Rules of origin
 - Restrictions in services markets
- These are also barriers for those who want to invest in a country
- Ukraine ranks 109 in the world in ease of trading across borders
- See more on www.doingbusiness.org



Correlation between trade facilitation indicators and income levels



Source: World Bank –
Doing Business Index

Summing up

- You have to be competitive to enter the EU market
- It can be easier to be competitive in a few tasks than in a whole value chain
- All parts of the value chain give jobs and income
- To be competitive you need to have easy and timely access to input goods and services
- Trade barriers are effectively a tax on export
- Trade barriers frighten foreign investors
- Ukraine has still high barriers to trade and investment
- Mercantilism is dead – Help policymakers understand that



Thank you!

- Website
 - www.kommers.se/In-English/
- Reports on global value chains and servicification
 - www.kommers.se/In-English/Areas-of-Expertise/Global-value-chains/
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