

CFA SOCIETY NETHERLANDS ANNUAL DINNER 2023 DEGLOBALISATION: THE END OF AN ERA?

13 SEPTEMBER 2023
17:30 – 22:00 hrs
Hotel Okura, Amsterdam

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Is Globalisation Dead?

Richard Baldwin

Professor of International Economics

IMD Business School, Lausanne

Amsterdam, CFA Society NL, 13 September 2023

IMD / Real learning
Real impact



Outline

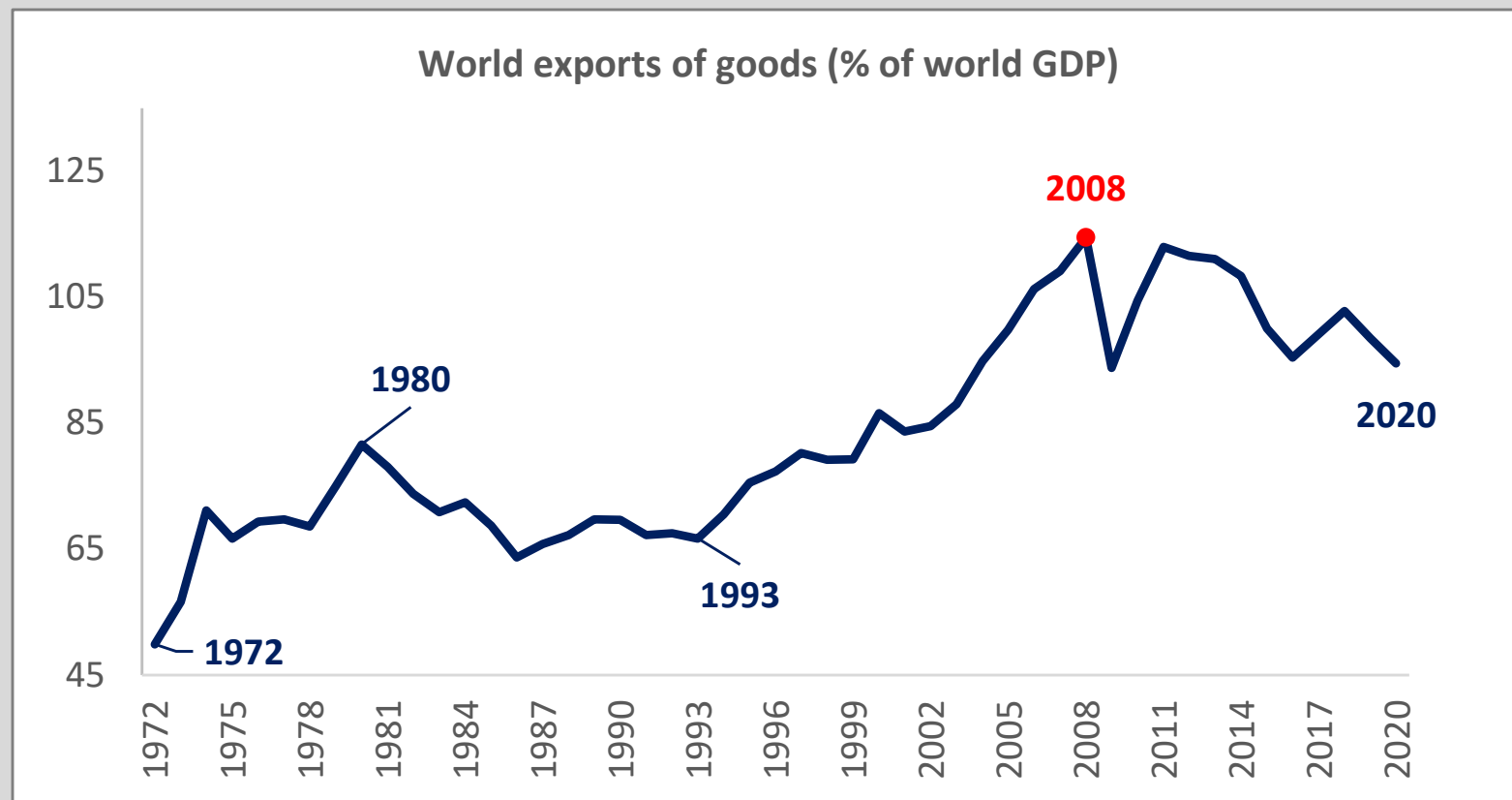
- Is Globalisation Dead?
- Service-led Development
- Future of Work

I. Globalisation is changing



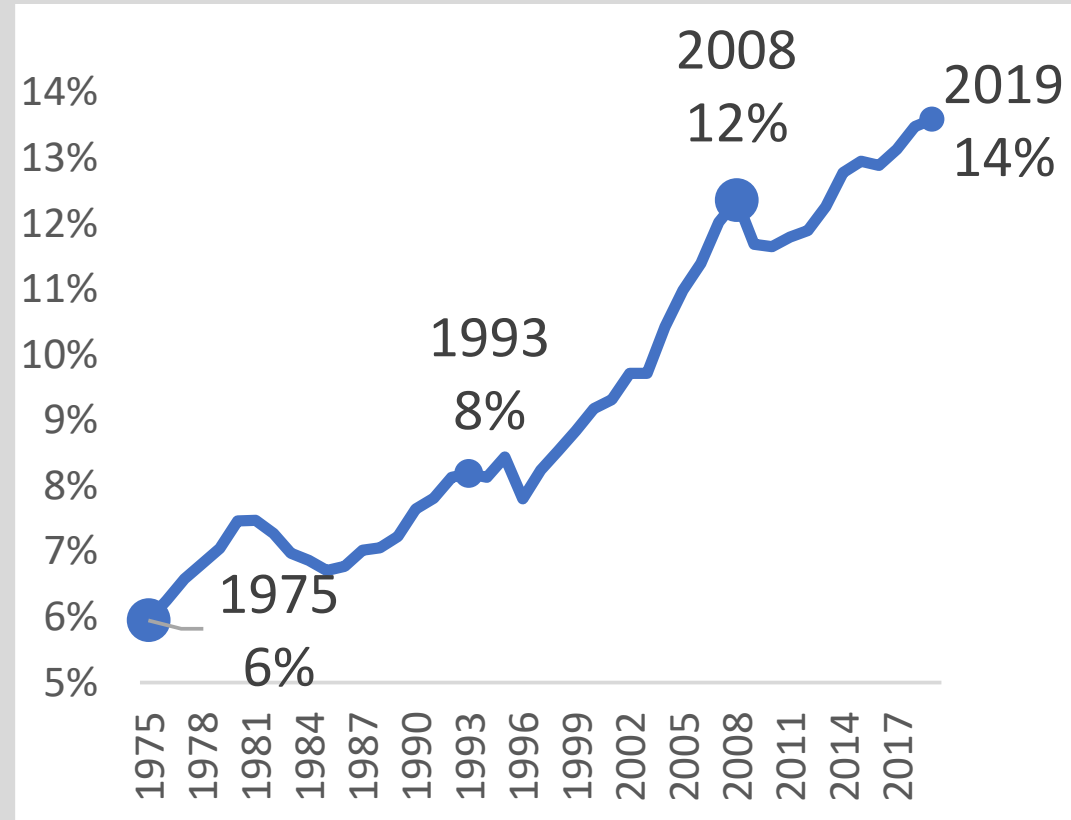
Message 1:
Goods trade peaked,
Services trade did not

Goods trade peaked (2015 = 100)

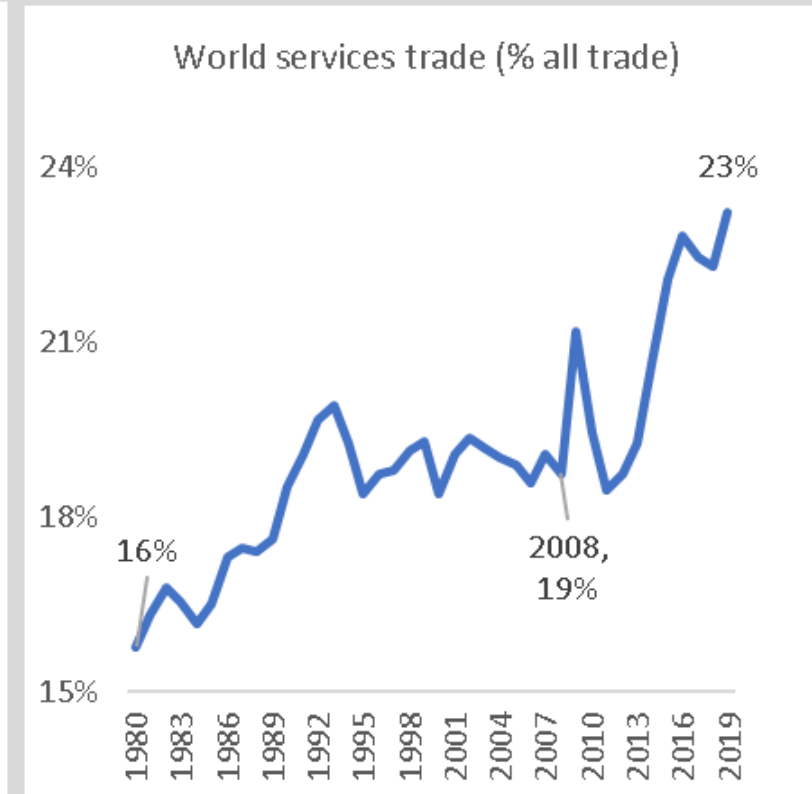
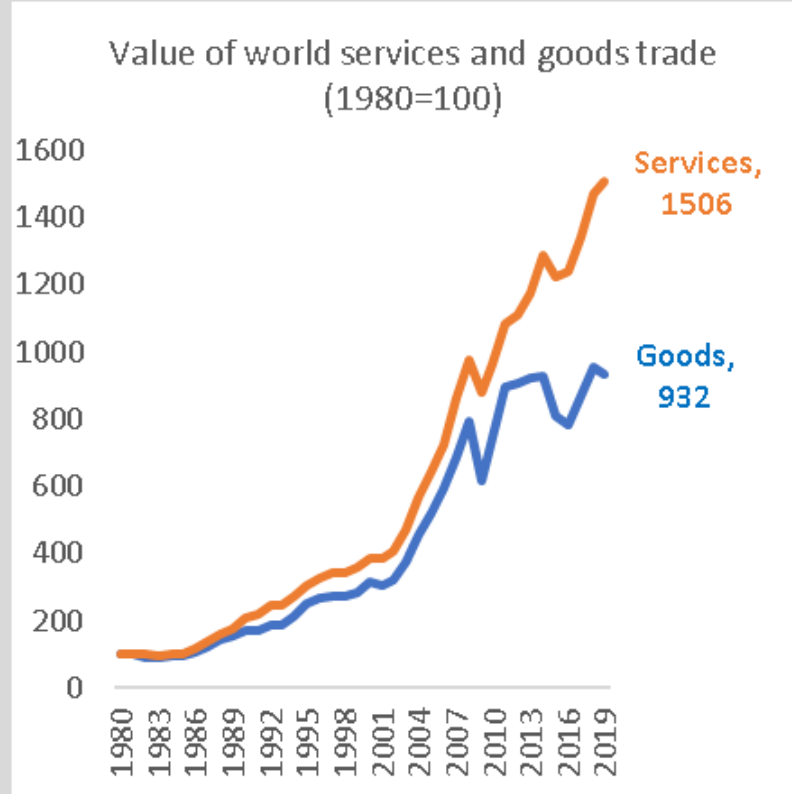


Services trade ratio didn't peak

World trade in services (% of world GDP)

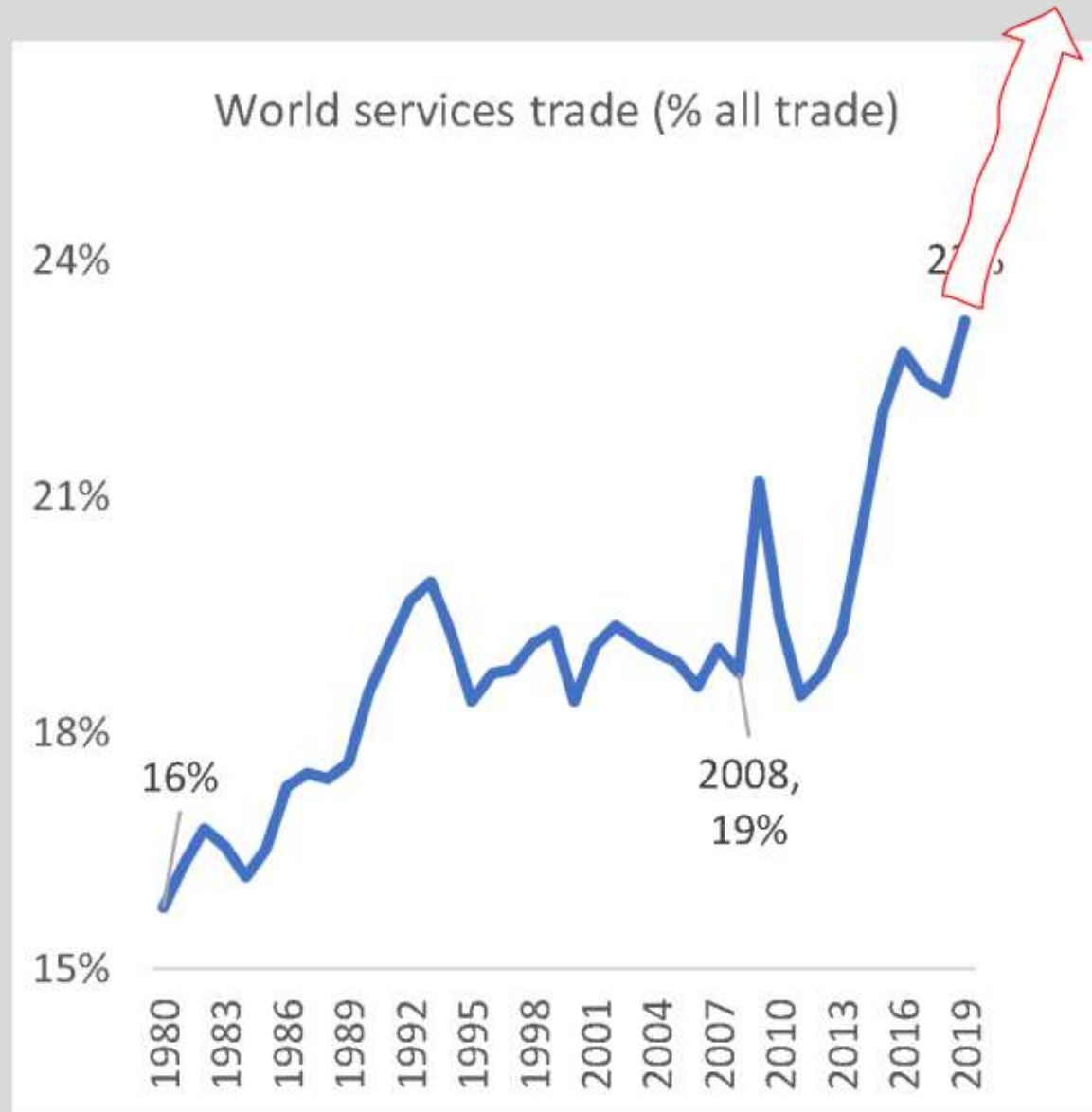


Trends in values & service's importance in world trade



Conjecture:

- The future of trade is services



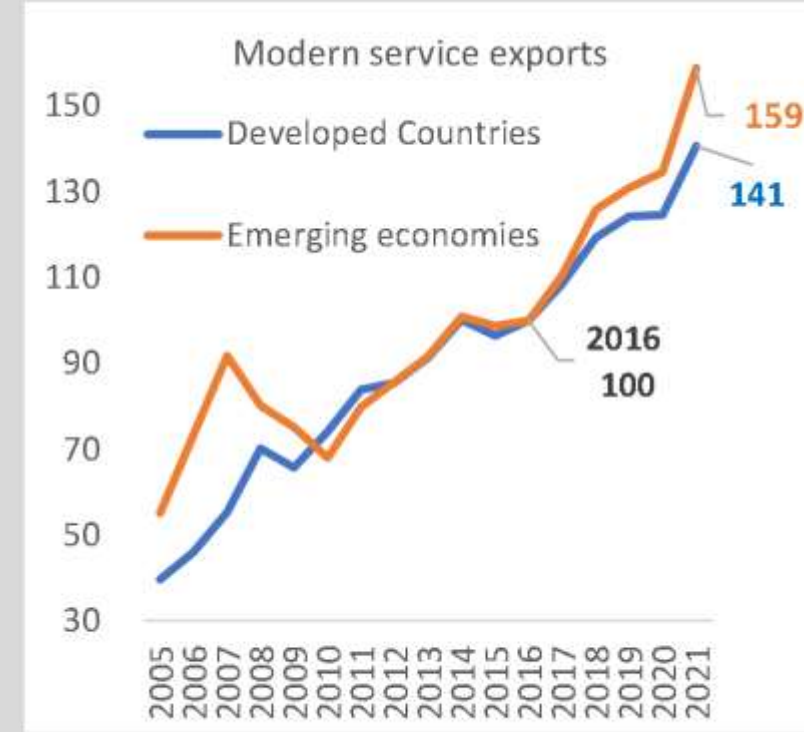
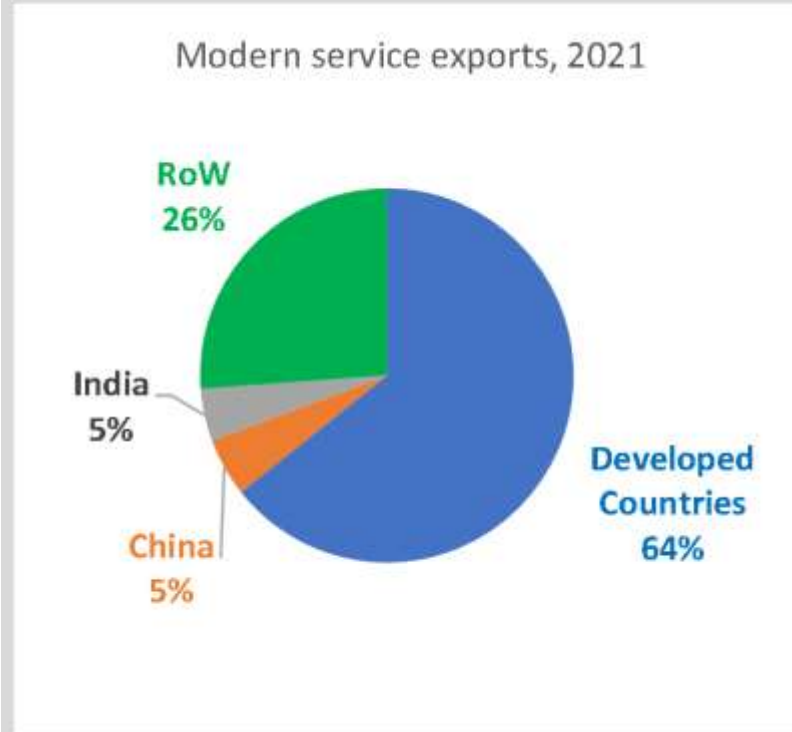


Message 2:
Services exports now
dominated by high-wage
nations

but low-wage nation exports
growing faster since 2016

Level and growth

by source countries



Source: Authors' calculations based on trade data from WTO Stats.



Message 3:
Intermediate services (B2B)
are the future of trade

Think 'Global Service Value
Chains'

Three facts about intermediate services

Fact 01

Demand for intermediate services is huge in rich nation

Fact 02

Supply of workers is huge in the emerging markets

Fact 03

Technology is less important in many 'modern services'

Intermediate services trade will grow faster for decades

1. Barriers to services trade are much higher than barriers to goods trade
2. Most barriers to trade in intermediate services are technology-linked, not policy-linked
3. Digitech is lowering barriers to intermediate services at an explosive pace (+ C19's forced adjustment)
4. Geoeconomic tensions impact services less than goods
5. Demand is huge in rich nations; Capacity is huge in emerging markets

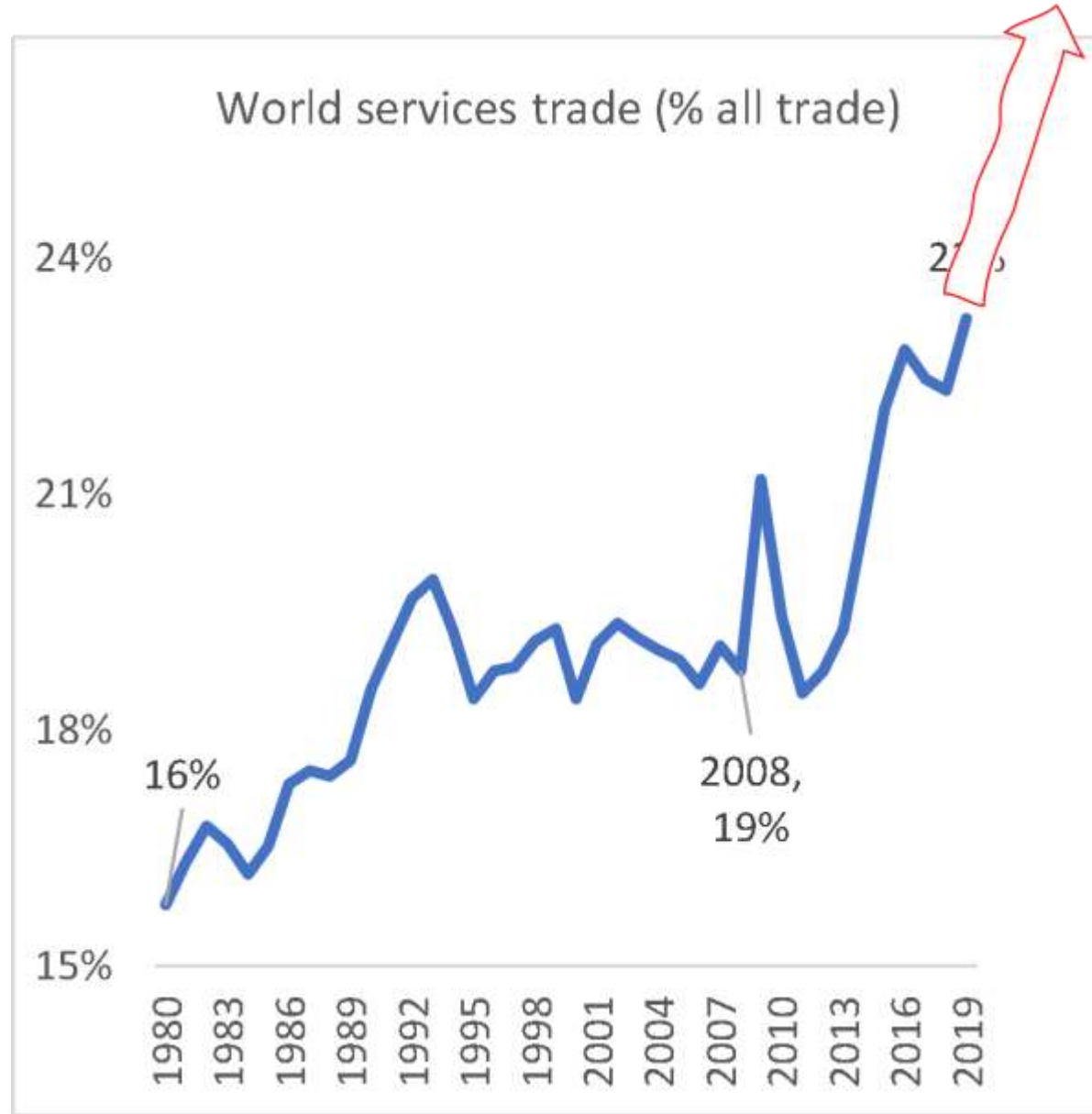
THEREFORE:

- **Intermediate services trade will grow faster than goods trade for foreseeable future**
- **Your virtual offices will be filled with 'telemigrants'**

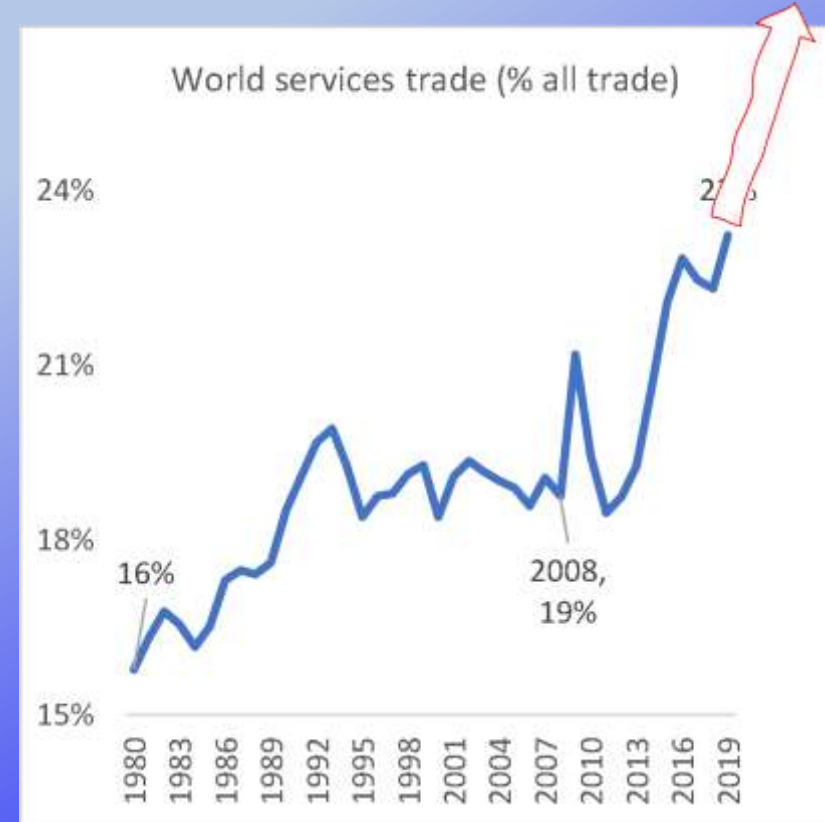
Conjecture:

Services are the
future of trade

Especially
intermediate
services



Do you believe
in the red
arrow?



II. Conjecture: Service-led Development



Good news

The Emerging Market miracle will continue & spread but based on services, not industry or commodities



Different structural transformation

- Think India, not China
- Think “Service Value Chains”, not GVCs



New Development Journeys

- Think cities, services, and training
- Not factories, industrial equipment, and technology

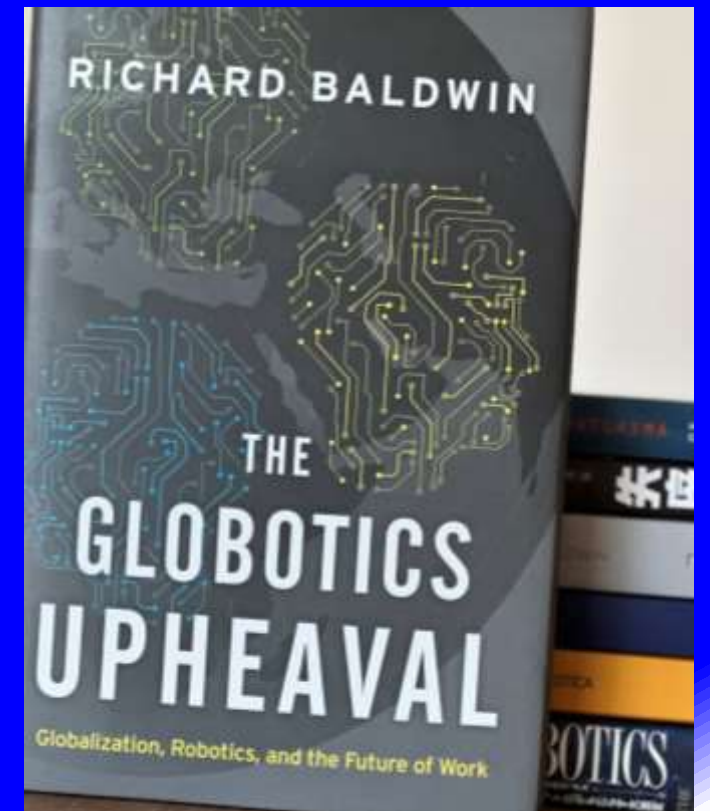


The bad news

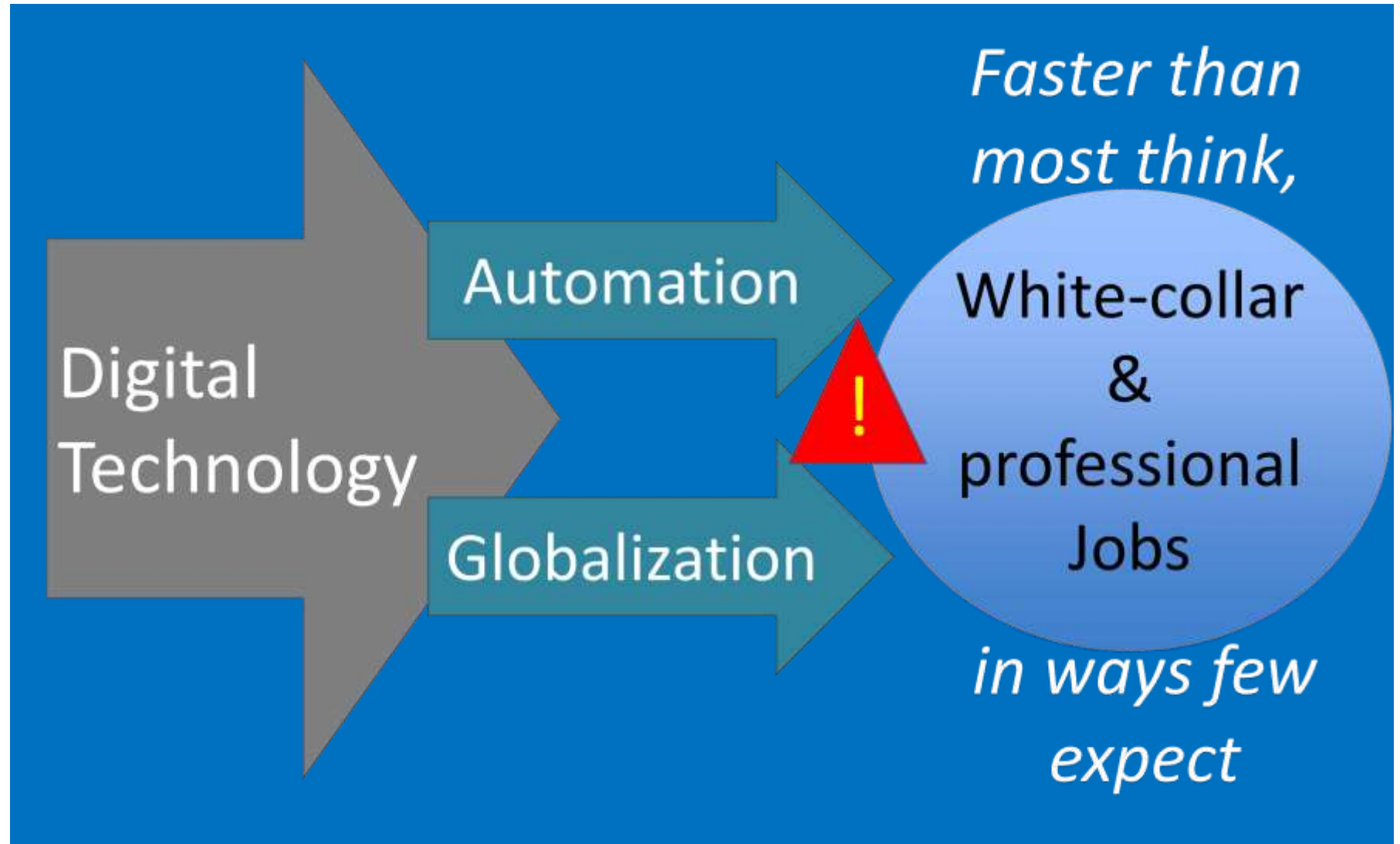
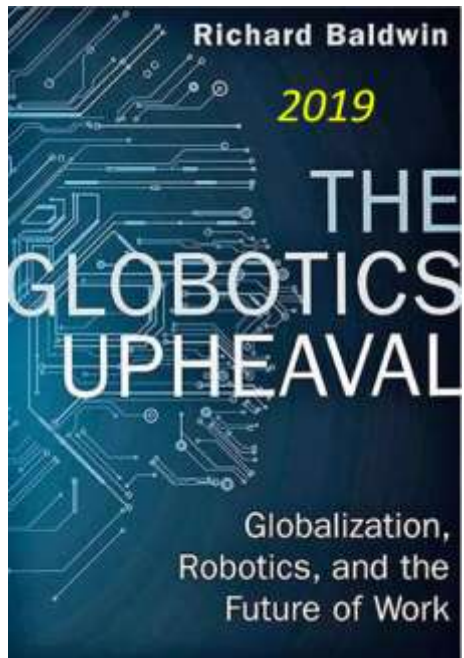
Telemigration likely to foster backlash against globalisation in high-wage nations

III. Conjecture: Future of Work

Footer



The Globotics Upheaval





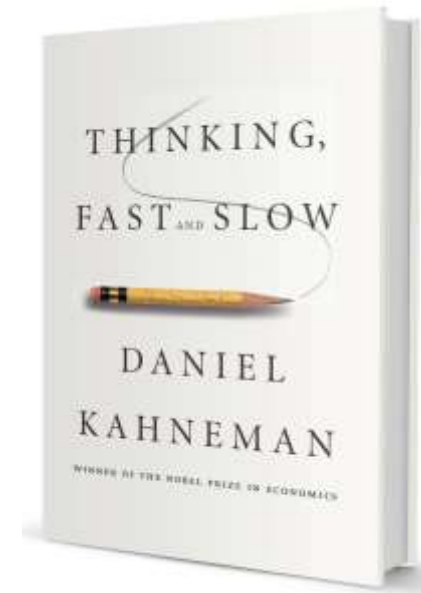
“Things have changed so much that not even the future is what it used to be”

But is it different?



Programming is different

- Coding = thinking slow
- Machine learning = thinking fast

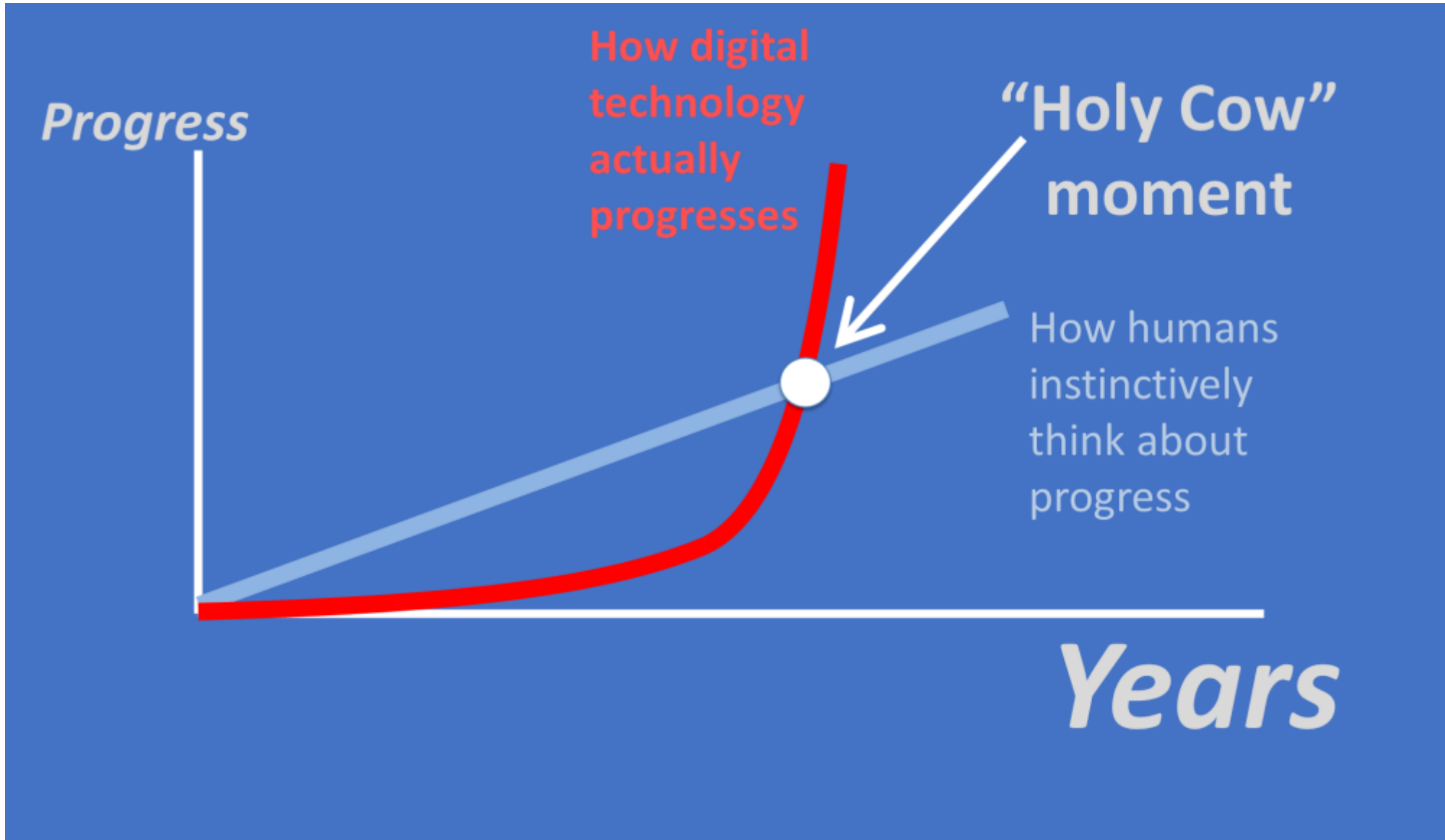




Coming faster than most believe

- Predictable, but unexpected
- “Digital Disruption”

‘Holy Cow’ diagram





Long-Run Future of Work?

We will do what globots can't

- More human, more local jobs
- Richer, more generous society
- If we manage the transition

The future is unknowable,
but also inevitable



Globalisation isn't dead

Digitech is localising manufacturing

De-localising services

“Weightless globalisation”



**What are the
opportunities & threats
as we move towards
post-industrial
globalisation?**

Thanks
for
listening

'The best book
yet on the new
economic era'
Larry Summers,
former Chief Economist
of the World Bank



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THE GLOBOTICS UPHEAVAL

Richard
Baldwin

W&N

Richard Baldwin

THE GLOBOTICS UPHEAVAL

Globalization,
Robotics and the
Future of Work

CFA SOCIETY NETHERLANDS EVENTS CALENDAR FALL 2023

- 27 September **Dutch Round Table on Investment Performance Measurement**
- 27 September **CIOP Operational Resilience and Agility**
- 5 October **Bracing for the Storm: Navigating Climate Risk in an Uncertain World**
- 12 October **Vision on Real Estate Allocation**
- 18 October **Workshop Personal Branding**
- 25 October **General Members Meeting and the Impact of AI Language Models**
- 2 November **Annual ALM conference**
(ALM in the world of AI, WTP and climate change)
- 9 November **Workshop Career Development**
- 16 November **Impact Investing in Public Markets**