

domestic supply chains, and the efforts of Korea Trade-Investment Promotion Agency (KOTRA) to move downstream from trade promotion to incorporate contract negotiation and dispute resolution services.

Factors reshaping the environment for trade facilitation

Three key factors have served to enable and motivate the establishment of linkages between the upstream (GTD) and downstream (GTM) aspects of trade facilitation. These are the growing significance of global value chains, the emergence of electronic platforms for service delivery, and the associated emergence of electronic finance.

The growing significance of Global Value Chains (GVCs):

As a Conference Board of Canada study recently noted:

“Rather than producing something entirely within one country, companies increasingly use inputs from two or more countries to produce a single good or provide a service. Declines in tariffs, transportation costs and communication costs, combined with technological advances, have made it both possible and attractive to break production into smaller parts. Companies then produce or buy each input, for example, goods such as electronic parts or services such as engineering, from wherever it can be made or provided most efficiently. In recent years, exports and their imported inputs have risen together, increasing the share of components in the total trade. There has also been a significant increase in global foreign direct investment and sales of foreign affiliates. Combined, these developments provide strong evidence of a trend toward increasingly global or regional—rather than strictly national—value chains.”⁶

⁶ Goldfarb and Beckman (2007).