

**KCG Workshop**



**Economic and Social Consequences of  
Global Value Chains**

Nov. 1-2, 2018

Lecture Hall

Kiel Institute for the World Economy

Kiellinie 66, 24105 Kiel, Germany

with financial support from



| <b>Thursday, November 1, 2018</b> |   |
|-----------------------------------|---|
| 8:30 – 9:00                       | <b>Registration</b>   |
| 9:00 – 9:15                       | <b>Opening Remarks</b><br>Holger Görg, KCG, Germany   |
| 9:15 – 12:15                      | <b>Session I: Trade: Constraints, Volatility and Structural Change</b><br>Chair: Holger Görg, KCG, Germany  |
|                                   | 9:15 – 9:45 Corporate Social Responsibility in Global Supply Chains: Deeds not Words<br>Aoife Hanley, KCG, Germany                                      |
|                                   | 9:45 – 10:15 Trade and Manufacturing Revisited: The Servitization of German Manufacturing<br>Thilo Kroeger, KCG, Germany                                |
|                                   | 10:15 – 10:45 Break   |
|                                   | 10:45 – 11:15 International Trade and Inventory Investment<br>Horst Raff, KCG, Germany  |
|                                   | 11:15 – 11:45 The Real Exchange Rate, Innovation and Productivity<br>Harald Fadinger, University of Mannheim, Germany                                   |
|                                   | 11:45 – 12:15 Importing, Exporting and Firm-level Volatility in India<br>Frauke Steglich, KCG, Germany  |
| 12:15 – 13:15                     | <b>Lunch Break</b>  |
| 13:15 – 15:15                     | <b>Session II: Trade : Policy, Institutions and Regulations</b><br>Chair: Host Raff, KCG, Germany   |
|                                   | 13:15 – 13:45 Is There Anything to be Gained from Export Processing? Micro-Econometric Evidence from China<br>Holger Görg, KCG, Germany                 |
|                                   | 13:45 – 14:15 The Political Economy Consequences of China's Export Slowdown<br>Davin Chor, Tuck School of Business, Dartmouth College, USA              |
|                                   | 14:15 – 14:45 Transit Trade<br>Georg Schaur, University of Tennessee, USA   |
|                                   | 14:45 – 15:15 A Theory of New Trade Agreements<br>Gonzague Vannoorenberghe, Université Catholique de Louvain, Belgium                                   |
| 15:15 – 15:45                     | <b>Break</b>  |
| 15:45 – 17:15                     | <b>Session III: Sustainability and Global Value Chains</b><br>Chair: Katrin Rehdanz, KCG, Germany   |
|                                   | 15:45 – 16:15 The Pollution Outsourcing Hypothesis: An Empirical Test for Japan<br>Robert Elliot, University of Birmingham, UK                          |
|                                   | 16:15 – 16:45 Stepping up to the Mark? Firm's Export Orientation and Environmental Innovation in 14 European Countries<br>Finn Ole Semrau, KCG, Germany |
|                                   | 16:45 – 17:15 Innovation and Adaptation to Climate Change<br>Jana Stöver, KCG, Germany  |
| 17:15 – 17:30                     | <b>Closing Remarks</b><br>Till Requate, KCG, Germany  |
| 18:00                             | <b>Workshop Dinner</b><br><b>Venue: Hotel Kieler Yacht Club, Kiellinie 70, 24105 Kiel, Germany</b>  |

| <b>Friday, November 2, 2018</b> |  |   |
|---------------------------------|--|---|
| 9:00 – 12:00                    | <b>Session IV: Corporate Social Responsibility and Consumer Ethics along Global Value Chains</b><br>Chair: Stefan Hoffmann, KCG, Germany |   |
|                                 | 9:00 – 9:30  | How Standards along Global Value Chains Intersect with Moral Taxonomies in Consumer Ethics: A Comparative Approach<br>Guli-Sanam Karimova, KCG, Germany |
|                                 | 9:30 – 10:00   | Towards a Theory of Injustice in Global Working Conditions<br>Sarah C. Goff, London School of Economics & Political Science, UK                         |
|                                 | 10:00 – 10:30  | Break   |
|                                 | 10:30 – 11:00  | Financial Constraints and Propagation of Shocks in Production Networks<br>Beata Javorcik, Oxford University, UK   |
|                                 | 11:00 – 11:30  | Chain of Blame - How Eastern and Western Consumers Account for Supplier Hypocrisy in Global Value Chains?<br>Nils Hoffmann, KCG, Germany                |
|                                 | 11:30 – 12:00  | The Consumer Experience of Responsibilization: The Case of Panera Cares<br>Giana Eckhardt, Royal Holloway University of London, UK                      |
| 12:00 – 12:15                   | <b>Closing Remarks</b><br>Holger Görg, KCG, Germany  |   |
| 12:15 – 13:00                   | <b>Farewell Lunch</b>  |   |

**Contact:** KCG Office: [kcg-conference@ifw-kiel.de](mailto:kcg-conference@ifw-kiel.de)

**Background information:**

The Kiel Centre for Globalization (KCG) will organize its first KCG scientific workshop under the title “Economic and Social Consequences of Global Value Chains” on November 1-2, 2018. The workshop aims at gathering together scholars from the international research community who work on different aspects of global value chains to share their up-to-date research findings with each other. This workshop is expected to help foster knowledge exchange among the workshop participants and thus enhance the synergy effect of the related research from different disciplines and with different research methods. Discussions are expected to help further advance related research, lead to new academic publications of high quality and encourage new joint research among the workshop participants and beyond.

We target the first KCG scientific workshop on three selected key aspects of the global value chains: **international trade, sustainability and ethics**. All three aspects are of high academic interest and are of strong policy relevance. What we expect to learn more and discuss about in these three aspects at the workshop is briefly summarized below.

First, as critics argue that from the view point of advanced countries, globalization and relocation of production processes within global value chains may lead to the loss of their sensitive sectors (such as high tech industries) that move to locations with lower-priced labour force or key resources, result in high production uncertainty and force them to proceed structural change. Thus, we consider **international trade** and its impact as our first key aspect to be dealt with at the workshop. Here two sessions are to be organized: *Session I “Trade: Constraints, Volatility and Structural Change”* and *Session II “Trade: Policy, Institutions and Regulations”*. In order to best cope with particularly negative consequences of globalization, it is of essential importance to first learn more about the challenges facing individuals, firms and countries. Thus, in the first session, speakers are expected to focus on providing their research insights regarding constraints and challenges faced by firms and countries in developing global production networks, as well as the impact of global trade on production/inventory volatility and on economic structural change. In other words, this session aims at providing up-to-date scientific evidence on constraints, difficulties and repercussion effects that firms and economies have been confronted with, when they have intensified their engagement in global value chains. The second session builds upon the first session and will focus on discussing the role of trade policy, and national and international institutions and regulations on determining the direct impact of trade and its indirect influence on the (further) development of the world economy. Analysing previous trade-related policies is expected to provide valuable lessons for the design and implication of related future policies.

Second, critics also argue that dispersing production processes around the globe with the resulting need for transportation of intermediate goods may also lead to higher use of energy and resources and, hence, may contribute to global warming and climate change. Moreover, environmental regulations and standards are strongly different from country to country, with advanced economies usually having much more strict regulations than developing countries. It is often argued that multinational enterprises have moved their relatively dirty production processes to developing countries to benefit from the less strict environmental regulations and thus avoid (potential) costs for more advanced, environment-friendly technologies for production and/or for potential financial sanctions from home countries for pollutions and other forms of harm to environment caused. Thus, as our second key aspect, we decide to focus on the issue of **sustainability**. In *Session III “Sustainability and Global Value Chains”*, speakers are expected to provide their new research findings as some first responses to the critical arguments mentioned above: for example, whether firms’ global engagement will harm long-term global sustainability by relocating their relatively dirty production processes to developing countries and thus outsourcing environmental challenges to others, instead of directly taking necessary actions against the problems on their own. We also expect to learn more about the role of innovation and upgrading for firms’ competitiveness in global markets on the one hand and for dealing with climate change on the other hand.

Third, critics are also concerned about a “race-to-the-bottom” driven by relocation of production processes within global value chains. This is particularly the case for such an unfavourable race in terms of working conditions and labour standards and, more generally degradation of welfare state activities in countries that compete for investments by multinational companies. Thus, as our third key aspect of the workshop, we turn to focus on the issue of **ethics** in global value chains. In *Session IV “Corporate Social Responsibility and Consumer Ethics along Global Value Chains”*, we will start with discussing cultural differences in perceiving corporate social responsibility and consumer ethics. The cultural differences in this regard may to some extent explain why different standards are chosen by different countries. When we would like to learn more about more responsible business and consumption behavior in the highly globalized age, it is essential to learn more about the cultural differences to search for a useful common base. Moreover, in the session, we would like to learn more about multinational firms’ willingness and behaviour in taking their social responsibility, going beyond their general goal of profit maximization. We would also like to take a much closer look at the roles that consumers can play in encouraging firms to behave in a socially more responsible way, since consumers are found to be increasingly aware that their consumption behaviour exerts negative social and ecological effects.