

## **GIST: Globalization, Investment, and Services Trade**

Services are currently of great interest and importance to both policy-makers and businesses in Europe, and are a major factor in maintaining European growth and competitiveness over the coming decades. Previously, data relating to the interactions between trade flows, regulatory regimes and the European political economy has been inconsistent and fragmented. But now, thanks mainly to the efforts of institutions such as the EC, OECD and World Bank, more harmonised and accessible data is available. We recognise the opportunity that this provides for the introduction and development of doctoral dissertations in the field. “Globalization, Investment, and Services Trade” will develop a cohort of researchers in Europe focused on the interactions between trade & FDI restrictions in services, national, regional, and multilateral regulation, and the continued integration of service markets on the consumer and producer sides.

The project will focus on something that the economics and political science research communities assumed simply did not exist until recently: tradable services. The service sector has traditionally been treated in economics as a sector whose outputs are purely non-tradable. As a result, the existing body of research on international trade and trade policy is focused almost entirely on agriculture and manufacturing. Similarly, research on multinationals and foreign direct investment is also focused on manufacturing firms and industries. Yet, while economists, political scientists, geographers, and institutional scholars remain focused on the set of international regulatory systems governing merchandise trade, dramatic changes in the last two decades have moved services from non-tradable to the realm of tradability. This has been driven, in part, by technical change. The geographic anchor of service activities has been cast loose, as the telecommunications revolution has changed the basic nature of activities that can be traded. This in turn has also led to important changes in the structure of production. What were once non-tradable inputs have become tradable inputs. Multinational firms are now, as a result, shifting central office (back-office) activities away from high wage centres in the OECD to back-office service centres in places like India.

The training network will explore these developments in three work packages:

- Theory of cross-boarder trade and FDI.
- Trade, regulatory interaction, and the political economy of integration
- The Empirics of trade and FDI interactions

**Team leader:**

Joseph Francois  
Michael Landesmann  
James Markusen  
Rikard Forslid  
Paolo Garella  
Farid Toubal  
Joze P. Damijan

**Institution:**

J. Kepler University Linz  
WIIW, Vienna  
University College Dublin  
Stockholm University  
Centro di Studi Luca d'Agliano  
Centre d'Economie de la Sorbonne  
University of Ljubljana