

**Statement of U.S. Global Value Chain Coalition
Senate Finance Committee
Hearing on
Approaching 25: The Road Ahead for the World Trade Organization
March 12, 2019**

These comments are being filed on behalf of the U.S. Global Value Chain Coalition – a coalition of U.S. companies and associations – that is on a mission to educate policymakers and the public about the American jobs and the domestic economic growth our companies generate through their global value chains.

Global value chains include those jobs we traditionally associate with creation of a product – such as those in a factory or on a farm – as well as those positions involved in the conceiving of and delivery of those products – such as design, marketing, research and development, logistics, compliance, and sales. Simply put, the global value chain accounts for all the jobs that add value to the good or service sold in the global marketplace. These positions are essential to the creation or sale of a good or service. Moreover, these jobs are primarily here in the United States and are usually high-paying, accounting for much of the value that is paid at the register.

Thank you for holding this important hearing on the World Trade Organization (WTO).

As the organization that helps set and enforce global trading rules, the WTO has emerged as an important enabler of international trade during the past quarter century. Building on the work of the General Agreements on Tariffs and Trade (GATT), the WTO ushered in an unparalleled period of widespread prosperity at home and abroad as trade liberalization fostered U.S. and global job creation. Now, more than ever before, Americans reap the benefits of global trade – either through the jobs that are directly supported by these trade links or through access to the goods and services that those links now enable. Global value chains – which employ tens of millions of Americans – underpin these benefits.

Not surprisingly, the WTO (sometimes in partnership with the Organization of Economic Cooperation and Development (OECD)), has focused on global value chains to understand how they operate. As it notes:

Today, companies divide their operations across the world, from the design of the product and manufacturing of components to assembly and marketing, creating international production chains. More and more products are “Made in the World” rather than “Made in the UK” or “Made in France”. The statistical bias created by attributing the full commercial value to the last country of origin can pervert the political debate on the origin of the imbalances and lead to misguided, and hence counter-productive, decisions. The challenge is to find the right statistical bridges

between the different statistical frameworks and national accounting systems to ensure that international interactions resulting from globalization are properly reflected and to facilitate cross border dialogue between national decision makers.

Through its Global Value Chain [portal](#), the WTO now publishes a wide array of reports and a wealth of statistical resources on the positive impact of global value chains. Through these rich data and analytical tools, including the [global value chain statistical profiles for each country](#), the [OECD/WTO Trade in Global Value Added database](#), and the [GVC indicator database](#), policy makers in the United States and throughout the world can now better understand the positive economic contributions of global value chains. For example, we now know that nearly two-thirds of traded goods are made with components from at least two different countries. In the [United States](#), our ability to export is increasingly dependent on our ability to import and our ability to partner with other countries, including intermediate markets. Such realizations hold important ramifications to the trade policy debate we are now conducting in the United States.

The WTO's contributions are qualitative as well. Last October, WTO Director General Azevêdo led a [workshop](#) on women in global value chains. Among other things, the workshop noted that women and woman-owned businesses face many barriers in accessing and participating in global value chains. Lowering those barriers and bringing about great participation by woman – through information, technology, and access to finance – would provide tremendous gains to individuals, to communities, to nations, and the global economy.

As we build the workplan for the WTO for the next quarter century, we need to ensure that continued research into global value chains is a core element. As we become increasingly dependent upon utilization of such global value chains for our own prosperity, and look for ways to increase participation in them, it is vital that the WTO further its capacity to help us increase our own understanding.

Sincerely,

The U.S. Global Value Chain Coalition