Foreword

The book *Asia beyond the Global Economic Crisis*, produced by the Institute of Developing Economies, offers an important contribution to the empirics of the new trade economy. The analysis focuses on the importance of economic interactions in explaining the modern global economy, and the role of international production networks.

In today's world, the complexity of productive and commercial relationships has dissociated the localization of final production units from the location of the value added included in the final product. Global manufacturing, characterized by the vertical integration of productive processes and the off-shoring of industrial tasks, has led to an increase of trade flows in intermediate goods, especially in the manufacturing sector. The traditional notion of country of origin, so dear to traditional trade statisticians, is gradually becoming obsolete as various operations from the design of a product to the manufacture of its components, their assembly and related marketing have spread across the world. Nowadays more products are '*Made in World*' rather than '*Made in*' a specific country. This trade in parts, components and accessories relates to the exchange of goods sent abroad for further processing, or 'trade in tasks' that add value along the production chain.

As the recent crisis indicates and the book illustrates compellingly, this closer interdependency was also behind the fast and synchronized transmission of shocks the world economy experienced after the financial crisis of September 2008. It is also behind the strong recovery that international trade has been experiencing in 2010, after the coordinated efforts from the largest developed and developing economies to sustain demand when the crisis was at its deepest.

Many analysts have been caught off guard by the speed and the synchronization of the process. This is partly due to the lack of proper statistical indicators to properly analyse trade and the creation of value along the global supply chains. This volume offers an important contribution towards this aim, and represents one facet of the fruitful partnership between IDE-JETRO and the WTO to measure vertical specialization and trade in value added. Measuring accordingly the international chain of value will provide relevant information on the new business model behind

global manufacturing, where trade in goods is progressively substituted by 'trade in tasks'.

Among all the interesting results presented by the various authors using the very technical point of view of input–output analysis, I wish to highlight one, which is of particular importance for policy makers: in the face of such a complex global production system, the appropriate counter-crisis policy should not isolate the national economies within some outdated protectionist measures, but should look at devising systemic and cross-national programmes.

Pascal Lamy
Director-General
World Trade Organization
2011