

# Global Value Chains and the Political Economy of WTO Disputes

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## **Abstract**

This paper investigates how the rise of global value chains (GVCs) in international trade affects the political economy of trade disputes. The presence of GVCs imply that countries are linked by trade in intermediate, i.e. unfinished, goods as production inputs are increasingly prominent in the phenomenon of ‘trade along the international supply chain.’ We argue in this paper that relative to trade in final goods only, intermediate goods trade lends itself to stronger lobbying of the prospective complainant country government and thus results in a higher likelihood of WTO dispute initiation. We test our argument relying on a two-stage empirical strategy. First, we examine the political contestation around US anti-dumping cases ongoing in the WTO era that takes place in International Trade Commission (ITC) hearings. We observe that while these cases see significant opposition from firms relying on the imports of intermediate goods, most cases end in favor of petitioners supporting the imposition of anti-dumping duties. In a second step, we quantitatively analyze the effect of intermediate goods trade in products that are the subjects of anti-dumping cases on the incidence of a formal WTO dispute. The results offer some tentative support for our argument that high levels of intermediate goods trade is associated with a *higher* likelihood of initiating a WTO dispute.

Keywords: World Trade Organization, dispute settlement, multinational firms, global production networks