Global Value Chains and Value Chain Agreements

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Global value chains[1] binding together production, exchange, and consumption—the three terms are equally important in defining what the "chain" is about—will be the major institutional arrangement of the globalized economy. They are so to speak oeconomy's spine.

This notion of "industry chains" stems from the idea that human activities are organized around the production, exchange, and consumption of goods and services in a limited number of sectors. For the most part, these sectors can be accounted for by referring to household budgets; they correspond to the various needs and desires people must or would like to satisfy: food, housing, transportation, clothing, health, leisure, and tourism. These primary value chains are naturally hybrid, combining goods and functions. This is the case, for example, of health. Its material part—the production of medicine—is a sub-branch of chemistry (pharmaceuticals) but its most important dimensions are medical care, food, and living conditions. In addition to value chains satisfying the needs of individual and familial consumption, there are a number of economic activities that serve collective functions or that constitute groups of professionals, and which are so important to the production process that it is worth treating them separately: these include defense industries, public works, information technology, banks and insurance, and the industry of intermediary goods (primarily the production of machines).

One could quibble forever about the precise characteristics and breakdown of value chains; this, however, is not the purpose of this book. Rather, I suggest that we focus on the first category of value chains, aimed directly at satisfying personal and familial needs.

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[1] *Translator's Note:* "Chain" or "Industry Chain" are the translations that have been used for the French term "*filière.*" *Filière* has several meanings, including "industry" (in the sense of a totality of economic activities that all relate to single product, like "the housing industry"); a series of terms evoking the idea of "string" or "strand"; and the notion of a succession of interrelated steps.

A value chain is a totality of actors and of the relations between them. These actors may be producers, contributing to the transformation of raw materials into useful products; distributors; consumers; and, once this cycle has been completed, anyone who recycles the ensuing waste. The basis of a value chain is thus a complete cycle of goods and services. This is the cycle that must be organized according to oeconomy's specifications.

Is this an angelic or futuristic vision? Not really. I would first like to show that these ideas are merely the extension and systematization of numerous transformations that have occurred over the past several decades: the transformation of systems of production; transformations resulting from the priority given to sustainable development; transformations resulting from the mobilization of consumers; and, finally, transformations resulting from the increasing standardization of production and of products.

The Transformation of Production Systems

The story of globalization is not about gigantic firms and their "integrated" production systems, where the firm organized itself all the stages of the process, from the acquisition of raw materials to distribution. These great integrated systems, hierarchical and centralized, which one might describe as "Soviet-style", have revealed themselves—despite the hypothetical economies of scale that they entailed and the efforts of the dominant actors to preserve every bit added value—poorly adapted to the complexities of value chains and to the diversity of markets. During the course of the 1960s, there was a growing consciousness of the great rigidities of this "big firm" system, and thus of their meager prospects for keeping pace with the evolution of techniques and markets. And, as there were no global monopolies in any industry, not even in the most concentrated ones, there were few opportunities to compensate inflexible organization forms with monopoly advantages, as it might have been the case on the national level.[2] On the contrary, economies of scale and specialization should be acquired through flexibility, through recourse to specialized subcontractors working for various producers.

[2] The Chinese economist Chen Ping demonstrates convincingly that the difference between the evolution of the Russian and the Chinese economies after the fall of the Berlin Wall is that the Russian economy was structured into monopolies, whereas the Chinese economy was not. Chen Ping, "Complexity of Transaction Costs and Evolution of Corporate Governance", in *The Kyoto Economic Review*, December 2007.

Consider, for instance, speed boxes in cars or microchips in computers. In the eighties, the same large companies that were tempted twenty years earlier by the idea of downstream and upstream integration began to hold the opposite discourse, refocusing themselves, as they put it, on their "core business." How far could the specializing and streamlining of company structures go? What exactly does "core business" mean? At what moment, as even the "core business" came to involve marketing, research, and development, does the ability to organize entire value chains became elusive? At what moment, either upstream or downstream, will subcontractors or clients become so powerful that they will take this reasoning to its logical conclusions and seize power? These were the questions that plagued companies and consultants for years. In the United States, the obsession with reducing fixed costs and with gaining as much as possible from the comparative advantages derived from producing in low-income countries (where unions were not a risk) created the "outsourcing" model. At the same time, the concept of "hollow corporations" sparked a lively debate. The former head of Xerox, Paul Strassmann, gives us a general definition of this term, referring to companies "organized around the management of their transaction costs, as well as of their research and development expenses."[3] When brand name becomes the only argument for buying, the risks involved in this strategy become evident.

Some consequences appeared very quickly. Microsoft grew because IBM had no desire to develop its own operating system; then, Microsoft swept past its mentor. Similarly, in producing personal computers, Dell ended up supplanting older producers. The concentration of the distribution in the hands of a few large chains of stores and supermarkets, of which Walmart in the United States and Carrefour in Europe are the most successful, leads them to develop their own brands and thus claim a greater share of added value. What is in any case certain is that unlike in the fifties, there is no longer any one company that encompasses an entire value chain—though this does not mean that there may not be a pivotal actor, organizing the flow of added value and thus being in a position to control the whole. This transformation of production systems has necessarily led companies to shift their attention to value chains.

[3] See www.strassmann.com/blog, commentary posted in February 2005.

The New Priority: Sustainable Development

More recently, this has been followed by a growing preoccupation with sustainable development and climate change, and thus with the use of natural resources and energy. Since the UN Earth Summit of 1992, we have seen more and more debates around the world about the production and consumption systems. This theme was put forward at the tenth anniversary of the Earth Summit in Johannesburg in 2002, initiating what is known as the "Marrakech Process," which aims to understand the system as a whole. The European Union, notably under the influence of the British and the Germans, made this question one of the priorities of the sixth research program (2005-2008), which gave birth to the program known as Score (Sustainable Consumption Research Exchange). This program involves more than twenty universities and research centers, mainly from Holland, the Scandinavian countries, Germany, Austria, and the United Kingdom. This program reflects the increasing preoccupation of officials with responding to the imbalances that are leading us towards an excessive consumption of natural resources, particularly in developed countries. These excesses, as we have seen on several occasions, are a great danger as much for ecological imbalances that they produce, as for the rivalries between newcomers that they exacerbate. This is particularly true of the struggle between China and India to control the increasingly scarce natural resources. But it is important to note that all this research emphasizes value chains, either implicitly or explicitly. The value chain is in practice the level at which the flows of raw materials and the life-cycle of products can be analyzed. This is the second reason that value chains have become a part of our daily lives.

The Organization and Motivations of Consumers

The third reason pertains to consumers. As they became better organized at an international level, and more motivated, they were able to initiate labels of sustainability for forests, fishing, fair trade, and sustainable agriculture. These labels necessarily apply to value chains. Consumer pressure introduced a new factor into the international regulation of value chain, that of multi-party negotiations. Consumer organizations and environment protection movements invited themselves to sit down with the top players, insisted on being treated as interlocutors, and often became even more important than

states from the standpoint of companies, as the impact of consumer organizations and activists on their sales and profits can be considerably greater and more immediate than restrictions imposed by states. These restrictions, given the power dynamic between states and multinational companies, are always potentially negotiable in terms of their character, their implementation, and the sanctions that they entail.

Standardization

The fourth transformation is a result of the growing importance of standardization. I spoke, in relation to the concept of a "functional economy", of the interoperability standard as a new public good.[4] Here, too, we did not start from square one: this idea participates in an ongoing transformation. The development of ISO standards is particularly interesting. They play an essential role in the economy. They are hybrid, collective, living beings—and quite special ones. Everyone has heard something about ISO standards. They establish the basic characteristics of a product, fulfilling in this way an essential role in international trade, where it is important to have a few basic certainties about the products one is dealing with. The history of the ISO (or International Organization for Standardization) is presented very well on its website, which I recommend to the reader.[5]

The ISO was born in 1947, during the great wave of institutional innovation that occurred immediately after the war. Its purpose was to unify industrial standards at an international level. The history of standardization is so old, and so deeply tied to the history of nations and industries, that we rarely even think of it. At its origins, it was all about bolts: specifically, about the need to agree on the geometrical characteristics of screw threads. Standardization arose thus both from a need for compatibility between industrial products and for units of measurement. Whoever has traveled the world carrying an electric socket adaptor in order to be able to plug in one's cell phone or computer in China or the United States understands *a contrario* the advantages of standardization. The same is true for those who, like me, find it difficult to convert Fahrenheit into Celsius, pounds and ounces into kilos, inches and feet into meters, and so on.

[4] Part 1, chapter 4, paragraph 4.
[5] See www.iso.org.

As a general rule, states established public institutes for standardization. However —and this is standardization's second original trait—these standards are not constraints. They cannot be elaborated without industrialists themselves. The ISO has, as a result, a long tradition of multiparty negotiations and consensus-seeking. Companies naturally flock to standards once they are established, in the first place because they have often participated in their creation, and secondly because it is dangerous for them to do otherwise. This is the same problem—well known in the computer business—that one faces with operating systems. There are today 17000 different ISO standards in the world —which demonstrates just how vast field of economic activity this approach covers. And it was only in 1970 that national standards were replaced by international ones.

As I see it, standards and value chains are the most painless, but also the most efficient means to interfere in the affairs of a sovereign state. However, what is particularly interesting here is that the nature of standards has changed profoundly since the end of the twentieth century. At the outset, they applied to technical specifications and related to products. Slowly, they expanded to production processes as a whole, and even to company management. These are the famous standards ISO 9001 and ISO 14001, adapted at the end of a process spread over several years. ISO 9001 was adopted in the year 2000. Its standards apply to the quality of processes. They are a consequence of the observation made over past decades that what ensures a product's quality is not observing it at the moment when the product is completed, but the attention given to quality at every stage of production—which is often called "total quality." Based on this insight, standards have made their appearance in the life of companies. In 2006, 900,000 companies throughout the world had already adopted the ISO 9001 standard.[6] The ISO 14001 standard, adopted in 2004, goes a step further in this direction, as it affects the entirety of a company's environmental management. In 2006, 12,900 companies throughout the world had already adopted it.

It goes without saying that the development of standardization is directly related to the explosive growth of international trade: the adoption by companies of these standards is critical to gaining access to markets, particularly in developed countries that have the means to formulate requirements in terms of quality without this stipulation

[6] Source : ISO Survey, 2006.

being perceived as an obstacle to free trade. Regulations to be put into effect at the level of value chains are, in the end, only extensions of a dynamic begun in the postwar period. Moreover, a standard is actually being prepared, known as ISO 26000, on the social responsibility of companies. It shares the same outlook as our own thoughts.

Thus four major movements are underway: transformations in production systems; sustainable development; the attitude of consumers; and the increasing importance of standardization. They all point to the need to conceive more generally the institutional arrangements of tomorrow's value chains.

These arrangements can be considered from two angles: the way in which they can satisfy requirements described in the previous paragraph; and the way in which public action can contribute to establishing the normative framework of these institutional arrangements.

I will begin with the first point. My aim, in outlining these proposals, is not to close the debate, but to open it by illustrating how the general requirements of institutional arrangements can be concretely put into effect. My proposals are summarized in the chart found on page 559 of the annex.

The first idea is that a value chain brings together into a lasting relation the totality of actors involved in production, distribution, and consumption. A value chain agreement is elaborated through a multi-actor forum, of the kind that has been born in recent years through Internet governance or multi-actor negotiations concerning labels. For instance, such a multi-actor forum has been put in place for the banana chain, the most commercialized fruit in the world.

Consumers organize themselves primarily within certain limited territories, mostly on national or local level. Thus a value chain links not only producers to one another it also links companies to territories. These territories can be either geographical areas in which consumers organize themselves, or elements of a value chain. When an agreement relating to a brand is signed, the brand's owner is the pivotal actor, and assumes primary juridical responsibility. Accountability is nonetheless shared by all actors, including the distributors. A parallel could be drawn between the responsibility of distributors and the managerial responsibilities of Internet servers: the debate is still over

whether they are simply hosting content, and thus not responsible for the messages that transit through them, or if they function as editors and have to assume some responsibility for its content.

Value chain agreements stipulate, in keeping conformity with the principle of accountability, that these commitments apply not only to the officers of signatory institutions, but to the entire personnel. In this way, value chain agreements apply in a generalized way companies' codes of conduct to the entire value chain, but adding a new and essential point: they are accompanied by the requirement that each actor to sound the alarm if an employer fails to respect the value chain contract. In effect, as the International Initiative for the Social Responsibility of Upper Management[7] has noted, the exercise of responsibility depends on a hierarchy of loyalties. Under these circumstances, loyalty to value chain agreements must override the obligations of loyalty and professional secrecy owed to an employer.

Next, value chains contribute to building the global community's conscience, in three ways. The first and most important involves the traceability of production. It might be difficult to give detailed information, about the various actors of the value chain on a product's package, but it is relatively easy, with the help of computer systems, to make information relating to each production batch available to distributors, who can then post it. This is, in short, the complete opposite of those vague labels that say "Made in the European Union" or "Made in France"—when in fact, only the buttons of a shirt were sewn in France—which contribute to making our age one of suspicion.[8]

The second idea is to publish every value chain agreement on a website, where exchanges between producers, distributors, consumers, and territories can occur. The very rapid development of social networks creates new cultural practices that can be made to serve traceability, by making the presence of the value chain's partners felt at a very low cost. These websites can also be the means through which each full-fledged member of the value chain may exercise its right and duty to alert. This system of exchange could be completed by annual assemblies, convened in part at a distance by the

[7] See www.responsabilitesocialedescadres.net.

[8] Nathalie Sarraute, *The Era of Suspicion,* Gallimard, 1959. The expression is often used these days to denounce the surveillance of citizens by the state, but it is also valid for describing the relations between producers and consumers.

means of online open forums. A new generation ISO standard lays out the modes of production, distribution, and usage of a branch's product. Respecting this standard is incumbent not only on producers, but also on distributors and consumers living in specific territories. It lays out in particular the future of products that are approaching the end of their lives; how they are recycled is decided collectively by the actors of the value chain and by territories concerned.

The implementation of value chain agreements should be recorded in every company's annual report. It is, of course, based on accounting, social, and environment reports, which have become obligatory in countries like France. But rather than being a unilateral statement, the report is a commitment on the part of all the actors of the value chain. It notably includes an analysis of the product's entire life-cycle, including its consumption. Furthermore, it describes the flow of materials, labor, and money within the value chain and evaluates the energy use. On this basis, it conducts an analysis of the stages of reuse of various products and sub-products, all the way to the final waste.

The use of the annual report is determinant. It is a space of collective learning. The collected data raises questions that flow in both directions; from consumer to producer, but also from producer to consumer. The report records what has been learned over the year, analyzes a series of experiences, and draws lessons. Each participant is entitled to request the immediate verification of assertions made in the annual report.

Every three years, a multi-actor, multi-territory, and multi-chain meeting would take stock of the process, notably the questions that all territories and all value chains share: the methods for analyzing flows and concrete applications of the principle of accountability. A value chain's actors may also agree on private procedures of arbitration. This is an extension to a multi-actor approach of the arbitration methods provided in numerous commercial contracts.

Value chains, in keeping with the principles of governance, must ensure the highest degree of both unity and diversity. To this end, the ISO standard of a specific value chain, in keeping with the principles of a "functional" economy, of modularized production (i.e., the possibility of breaking down the product into components that are independent of one another, allowing the product to be renewed piece by piece), and of the interoperability of products of different brands. Territorial actors should be entitled to

request, directly or through distributors, that the principle of interoperability be honored, at least for products delivered to that territory. The implications of creating networks of territories are thus apparent. Similarly, negotiations can pertain to the creation, at the level of a territory or of a group of territories, of production intermediaries shared by different brands, or intermediaries for the reconditioning or reuse of certain products.

The reciprocity clauses in major export contracts are well known. Let's take the case of import substitution policies, commonly practiced and frequently debated in Latin American in the 1950s. Besides the fact that they were contrary to liberal dogma and were disliked by the United States, they were accused, sometimes rightly so, of being ineffcient, either because they led to subsidized monopolies or because the domestic markets were too limited for these production units to develop. In comparison, agreements between producers and territories would be more appropriate, as the territories would not be in a position to impose on their residents a purchasing monopoly.

Moreover, the technical change favors smaller but more sophisticated production units. As economists use to say, we have entered a post-Fordist era. Volvo attracted the attention of the entire world twenty years ago with its flexible workshops, which went in the opposite direction of the division of labor so dear to Taylor and Ford. It is not hard to imagine what the results could be if a genuinely imaginative technical and organizational effort was channeled through the value chain agreements. Such a movement would also be facilitated by the gradual technological unification of the major regions of the world. My hypothesis is that within thirty years from now, the division of labor between "noble" functions, requiring a high level of knowledge and qualifications, and simple production functions, which twenty years ago were called "screwdriver factories," will become increasingly blurry.

Following this observation, should we say that we are heading towards a contraction of international trade? Today trade takes place for the most part between developed countries, allowing a great variety of goods and services to me exchanged. If there is a contraction of international trade, it will result rather from the rise of energy and transport costs, but only when the latter represents an appreciable part of the total energy costs. At this level, it is important to be wary of the "obvious." Those who want to prove the unsustainability of the current model of production and exchange often

multiply the quantity of transported goods by the number of kilometers traveled. But they tend to forget the extreme variability of the energy cost per kilometer-ton. If one measures the energy efficiency of transporting a ton of merchandise with a kilo of petrol, the actual efficiency rate ranges from 6.7 kilometers travelled for light urban vehicles to 60 km for vehicles of 30 tons and 230 km for entire trains. We jump from nearly one to ten between a light urban vehicle and a thirty-ton truck, and then by four between the thirty-ton truck and an entire train. Energy efficiency is lower still when customers use their own cars.

In what will perhaps be the last period known for its abundant petrol, customers do not hesitate to travel forty kilometers or more to shop at giant hypermarkets. In 2008, the large French retail chain Carrefour saw sales at its domestic hypermarkets plummet. It knows that it must reinvest in nearby stores. Moreover, we have only seen the beginning of the grouping together of Internet orders. By engaging in production and consumption at the same time, a value chain makes it possible to prepare the kind of comprehensive vision that is lacking today. A study of the Wuppertal Institute dating from the late nineties showed that in Germany, the ingredients of a simple pot of yoghurt—a banal product if ever there was one, and one that is easy to make at a local or familial level—traveled thousands of kilometers in total. The research that the Institute has conducted since then on the food industry chain have shown that the energy costs of the production of intensive agriculture and of the transformation of products was, in reality, considerably greater than transportation costs.

Value chains—this is the third idea—must take into account the long term efficiency and facilitate the management of relationships. Value chain agreements imply lasting contracts between its various participants. On the production side, this may not be a radical innovation: a company that is concerned about the reputation of its products is always led to control the quality of its suppliers and subcontractors, and this is not possible unless it builds relationships of trust, which take time to develop. The relationship between a value chain and territory is, however, of a newer kind, and requires imagination, particularly between producers and distributors on one hand, and territories and users on the other. At the level of the territory, I raised the question of if and how collective preferences—generalizations of contracts that have been grouped

together—might come to expression. It is probably not possible, either in the short or medium term, to restrain the consumers' choice by asking them to commit to particular products for a longer period of time. But territories can take advantage of the "law of large numbers" and of the publicity that comes with a value chain agreement, with all that it implies, for example, in terms of discounts on prices or after-sales service. The importance of after-sales service in domains as varied as automobiles, computers, plumbing installations, or home appliances is well-known. There is thus substantial room for negotiation as far as medium-term commitments go.

In terms of value chain agreements, one can also imagine long-term commitments consisting of multilateral agreements on investments, which balance out the commitments of territories and other concerned parties of the value chain.

Finally my fourth idea: a value chain contract should explicitly seek to preserve and develop different types of capital, particularly natural and immaterial capital. The very nature of the relationships formed between the actors in a value chain increases immaterial capital by strengthening multi-actor cooperation. The contract also must require respect for the governance rules of the various categories of goods (as they have been presented above).

I turn now to the second question: how can public authorities facilitate, encourage, and hasten the implementation of value chain agreements and this new kind of institutional arrangement? I have again drawn up a chart (see the annex page 561) that lays out the possible paths, simply by replacing the "conditions that make institutional arrangements relevant" with "means of governance".

In a summary fashion, I have identified seven courses of action available to public authorities. Besides the implementation of institutional frameworks, public authorities can act directly on public investment, notably by participating in the establishment of production units, by orienting public procurement (for example in the realms of public catering service or computing), and by the development of public services (for instance, public transportation or recycling systems). Public authorities can also act through taxation. They can act through law and regulations, by organizing democratic debate and by establishing collective choices, and, finally, by coordinating the actors.

Public investments and the development of public services concern, as a matter of choice, territories or nations. It is at this level, as things now stand, that most taxes are collected and used, offering public authorities a means of acting. Public procurement is organized at the territorial and national level; one might pose as a rule that it must stipulate that the right to compete is restricted to companies that have signed a value chain agreement. This is already the practice in many domains thanks to ISO standards. In Europe, existing procedures for cooperation can play an extremely efficient role in organizing cooperation between member states. Given the European Union's commercial importance, it is not hard to imagine the impact that recommendations on specifications for public procurement in EU would have. Imagine for a moment the impact of computer orders that stipulated that all the material it purchased use freeware or car purchases requiring firms to have signed value chain agreements specifying modalities for replacement and the interoperability of parts!

Taxation, for its part, must play a decisive role. Is this compatible in the short and medium term with global governance's weakness, with the fact that there is no world community with its own fiscal powers (even though the need for a fossil fuel tax is evident to all)?

I am rather optimistic regarding the long run—provided that one proceeds in two stages. At the first stage, one must recognize that an equilibrium between humanity and the biosphere, in particular regarding the management of first- and second-category goods, constitutes an imperative norm of international law, a *jus cogens*.[9] A *jus cogens* is a kind of super-norm with universal application, introduced in 1969 by the Vienna Convention on the law of treaties. It is, in a way, a return to an idea that was dear to the Age of Enlightenment, that of "natural law," a law arising from the "nature of things" and imposing itself on this basis on all societies. Is this not the very kind of norms that must impose themselves on us if we are to protect humanity's heritage and future generations' access to it (i.e., first-category goods), or to ensure that all human beings have a minimum access to natural resources (i.e., second-category goods)?

If the idea of *jus cogens*, as applied to first- and second-category goods, imposes itself at an international level, in a more or less distant future states and regions will have

[9] I am borrowing this definition from the Wikipedia article "*Jus Cogens*," as well as from the commentaries by Dominique Carreau in *Droit international économique* (Dalloz, 2007).

to adopt juridical and fiscal mechanisms guaranteeing that these legal provisions are implemented. I have specifically three mechanisms in mind. The first extends from the local to the global, and assigns to each individual, and, on this basis, to each territory, nation state, and region of the world, negotiable quotas that correspond to the minimum rights of access to second-category goods. I also have in mind two forms of taxation at the national and territorial level. The first, already mentioned in relation to territories, is a gradual shift from a value-added tax (TVA) to a consumed-resource tax (CRT), which would stop fiscally penalizing work and encourage the optimal utilization of materials and, in particular, natural resources. The second would be the creation of a tax on unused energy, which would create incentives for optimizing a value chain's input locations. As I have been emphasizing, an additional interest in fiscal mechanisms is that they involve devices for measuring, and thus acquiring knowledge of flows that today are very poorly known at the level of the value chain.

Public authorities can also act by establishing rights and regulations. I have in mind the controversial question of intellectual property, and especially of patents. Public authority already has, according to contemporary law, the possibility of imposing on patent-holders compulsory licensing: it takes the patent-holder's place in allowing another producer the right to use a patented technology. This mechanism is aimed first of all at fighting uncompetitive practices, as when a producer who holds a patent refuses to cede the usage rights or attaches to the cession unreasonable financial conditions.[10] This example shows that, once the value chain is recognized as an important means for building a sustainable society, legislators will not lack the juridical means to move towards value chain agreements; and this is all the more the case in that, if my reasoning regarding fourth-category goods is correct, intellectual property law will have to change profoundly in upcoming decades.

The final means of action that public authorities have at their disposal concerns the coordination of actors. This is indubitably a privileged domain for international institutions. Let me mention four aspects of this kind of action. First, let us consider once more the International Organization for Standardization (ISO). It is the first in line. The

[10] See Juris International, "Organisation mondiale du commerce", "Centre du commerce international," on the theme "*licence obligatoire"* (compulsory licensing): www.jurisint.org.

evolution of standardization, over the last fifty years, has broadened its horizons. The elaboration of standards that are characteristic of sustainable chains, taking account of the traceability of flows and of work throughout the production process, belongs to this evolution, even if it involves a qualitative leap. The historical experience of the ISO in consensus-building between actors is irreplaceable.

The second potentially relevant international institution is the World Trade Organization (WTO). Let us not forget that its preamble refers to sustainable development as a goal. The WTO, contrary to the GATT, which it replaced, does not have as its statutory goal the elimination—always, everywhere, whatever it takes—of barriers to international trade. I have already suggested in preceding chapters that the WTO might be summoned in future decades to play a much more progressive role than it currently does. As it is, it is the only international organization that has the means to deal with disputes and that has developed a recognized practice in this domain. It is true that, until now, the WTO has only dealt with disputes between states. The qualitative leap involved in treating disputes relating to the implementation of value chain agreements is not, however, that great.

Finally, two organization could play a complementary role. First, the United Nations Conference on Trade and Development (UNCTAD), created as a consolation prize after the failure of the International Conference on Trade and Employment in Havana in 1947. It continues to seek a role, and it could find one as a forum in which experiences in implementing value chain agreements could be compared. Finally, Global Compact, started by Kofi Annan, could, if its members could be convinced, constitute a powerful lobby for gradually establishing industry branch agreements.

Translated from French by Michael C. Behrent