Positioning and Insertion Patterns of Countries into Global Value Chains

📅 Saturday, July 18, 2020

Abstract

The international fragmentation of production generated new opportunities for companies and countries. Different patterns of countries' GVC insertion can generate different static and dynamic gains for countries and so, the kind or the quality of insertion matters. A dynamic insertion of a country is not restricted to the intensity of its participation into international markets, but to its positioning and capacity of evolution (upgrading) within the global value chains. In other words, the kind of GVC insertion matters for economic development and the identification of GVCs' insertion patterns are useful for the design of countries' productive and trade strategies in the context of the global value chains.

The GVC's insertion may differ in several ways: in terms of backward or forward participation into GVC, in terms of a participation by simple exports, imports to exports and imports to domestic demand, in terms of the country specialization among and inside the chains (in which chains and in which tasks or stages of the chains the country participates), in terms of the strength of the links between domestic and international productive chains, among others.

These different aspects illustrate the multi-dimensional character of countries' insertion into GVC and suggest the use of different indicators in order to identify different patterns of GVC insertion. The GVC literature offers several indicators to measure and characterize the integration of countries into GVCs but most of them presenting limitations and shortcomings. Their complementary use can help capturing the different dimensions of GVC integration.

In this study, we propose to make a cluster analysis to identify the patterns of countries integration into GVC. We mobilize different indicators in order to characterize countries relation to GVCs, including usual - and *less usual* - GVC indicators such as GVC participation, forward or backward participation indicators, Foreign and Domestic Value Added of the Final Domestic Demand, the participation in high tech (goods) and knowledge intensive (services) chains and tasks, among others.

The empirical analysis of the GVC insertion patterns relays on the cluster analysis of indicators concerning 63 developed and developing countries for the period 2005-2015 (the sample

includes 7 Latin-American countries). A part from GVC indicators directly extracted from TiVA/OECD database, other are estimated upon different sources data (ILO, World Bank, OECD).

Presenting Author

Marta Castilho
UFRJ

View Related