



**Asia-Pacific  
Economic Cooperation**

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**2022/CTI/WKSP3/002**

Session 1.1

## **The Asia-Pacific Global Value Chain Transformation**

Submitted by: HSE University



**Workshop on Effective Domestic  
Policymaking for Stimulating Economic  
Upgrading Through Global Value Chains  
1-2 March 2022**

# The Asia-Pacific GVC Transformation

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# Producer and Consumer Dimension

	Producer's GVCs	Consumer's GVCs
Factors of development	Industrial capital	Trade capital
Core competences	R&D, production	Design, marketing
Entry barriers	Scale effect	Assortment effect
Typical industries	Automobile, aircraft construction, computer production	FMCG
Companies: forms of property	MNCs	Local firms, mainly from developing economies
Network connections	Investment	Trade
Network organization	Vertical	Horizontal

# Macro-factors and Trends

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## 4<sup>th</sup> Industrial Revolution

An increasing technological sophistication. The digital component of GVCs is increasing in significance



## Reshoring

Shift from globalization towards more local supply chains. But a wholesale reshoring is not the most likely scenario



## Capital and Labour

Capital and Labour returns are diminishing



## Green Economy Development

New challenges of technological change for sustainability



## “Shopper Asia”

Emergence of “Shopper Asia” as domestic demand is increasing across the region



## COVID-19

The ‘peer value chains’ “and contract-intensive” products need effective institutions

# Pre-Workshop Questionnaire results

Key developments in the global economy that affect GVCs

Key determinants of GVC participation: firm and economy dimension

Key restraints to GVC participation

Key restraints to GVC upgrading

## Workshop on Effective Domestic Policymaking for Stimulating Economic Upgrading Through Global Value Chains

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### PRE-WORKSHOP QUESTIONNAIRE

The questionnaire aims (1) to gain a better understanding of the current situation and new developments in the global economy that have an impact of GVCs' formation and functioning both in the Asia-Pacific region and worldwide; (2) to explore existing challenges, both international and domestic, APEC economies/companies face in economically upgrading through GVCs and maximizing domestic value added production and (3) review various practices and experiences of the APEC economies in promoting a more effective integration into global production processes that stimulate higher domestic value added production.

Key findings of the undertaken research will be presented at the workshop.

# Key developments in the global economy that have an impact on GVCs

## Positive impact

Modernization of customs procedures  
and further trade facilitation efforts

Low transportation costs and reliable logistics network

Progressive tariff reduction, including through  
FTAs/RTAs

ICT and technology revolution

Rise of the digital economy

Skills development

Legal certainty

## Negative impact

Rise of protectionism (including  
increased NTMs)

Trade tensions

The Container Crisis

Global chip shortage

Inadequate or restrictive domestic regulations on  
internal and foreign trade

Technologies gaps and technology disruptions

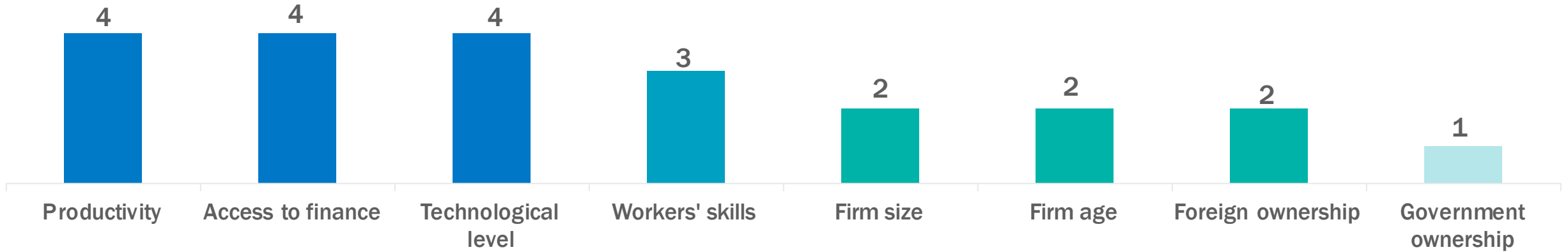
Demographic shifts

COVID-19

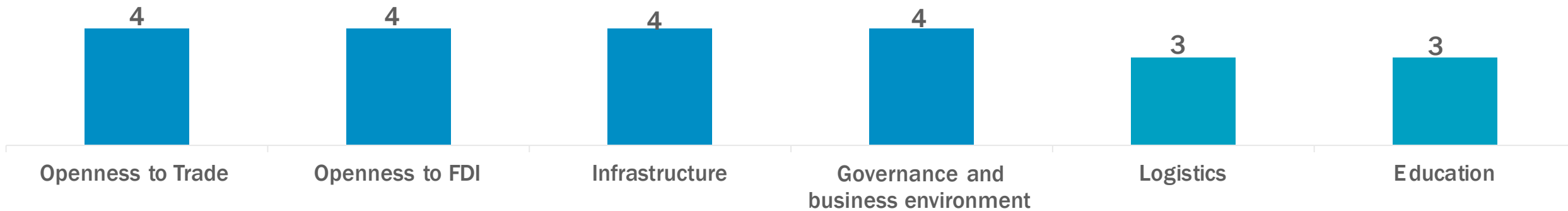
(although some mentioned its positive impact on certain GVCs)

# APEC GVCs: Key determinants of GVC participation

## Firm Characteristics



## Economy Characteristics

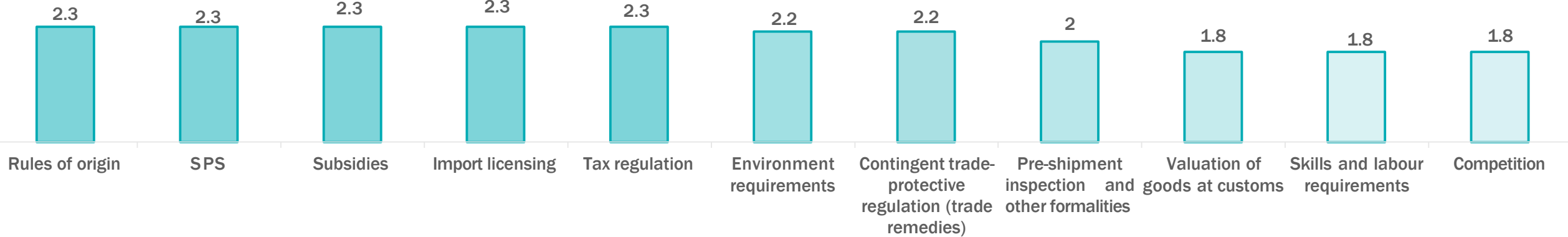
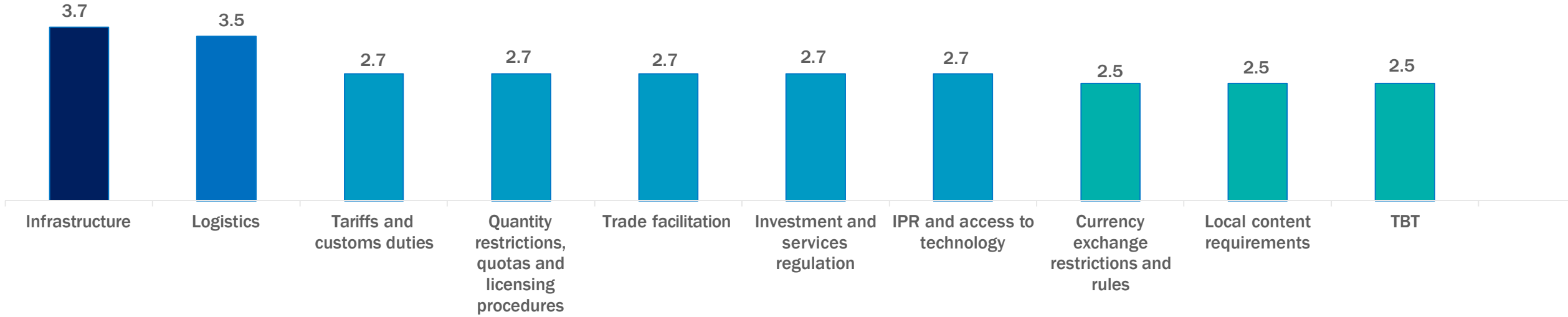


Scores: from 1 to 5

(1 - the weakest influence; 5 - the strongest influence)

# Main spheres encountering restraints participation in the APEC region

to GVC

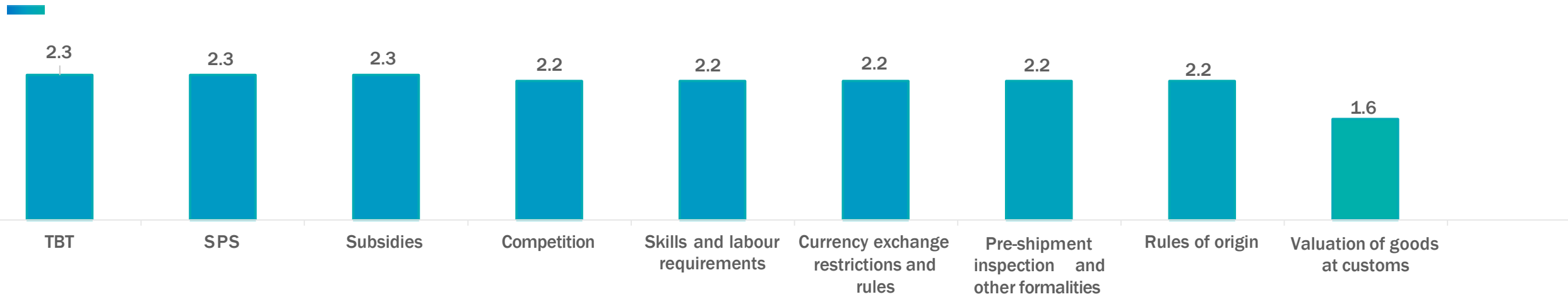
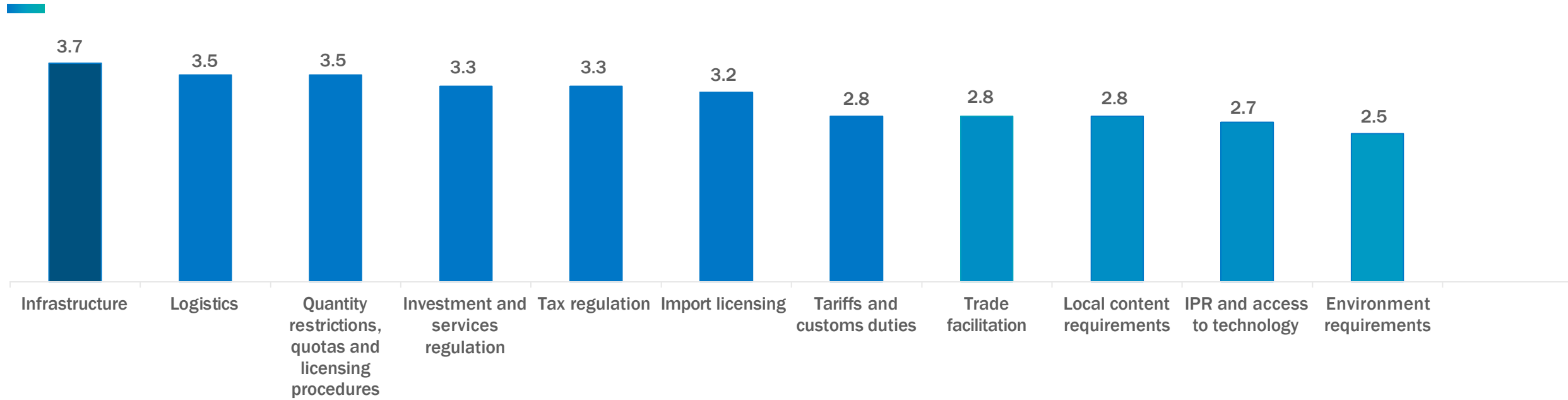


Scores: from 1 to 5

(1 – the weakest influence; 5 – the strongest influence)



# Main Spheres Encountering Restraints to GVC upgrading



Scores: from 1 to 5

(1 – the weakest influence; 5 – the strongest influence)

# GVC participation vs GVC upgrading:

# key barriers



Thank you!