

A unique opportunity for Asia

Challenges:

- Stagnation of global FDI flows since 2009
- Geopolitical fragmentation, reshoring / deglobalisation
- Climate change and digital transition

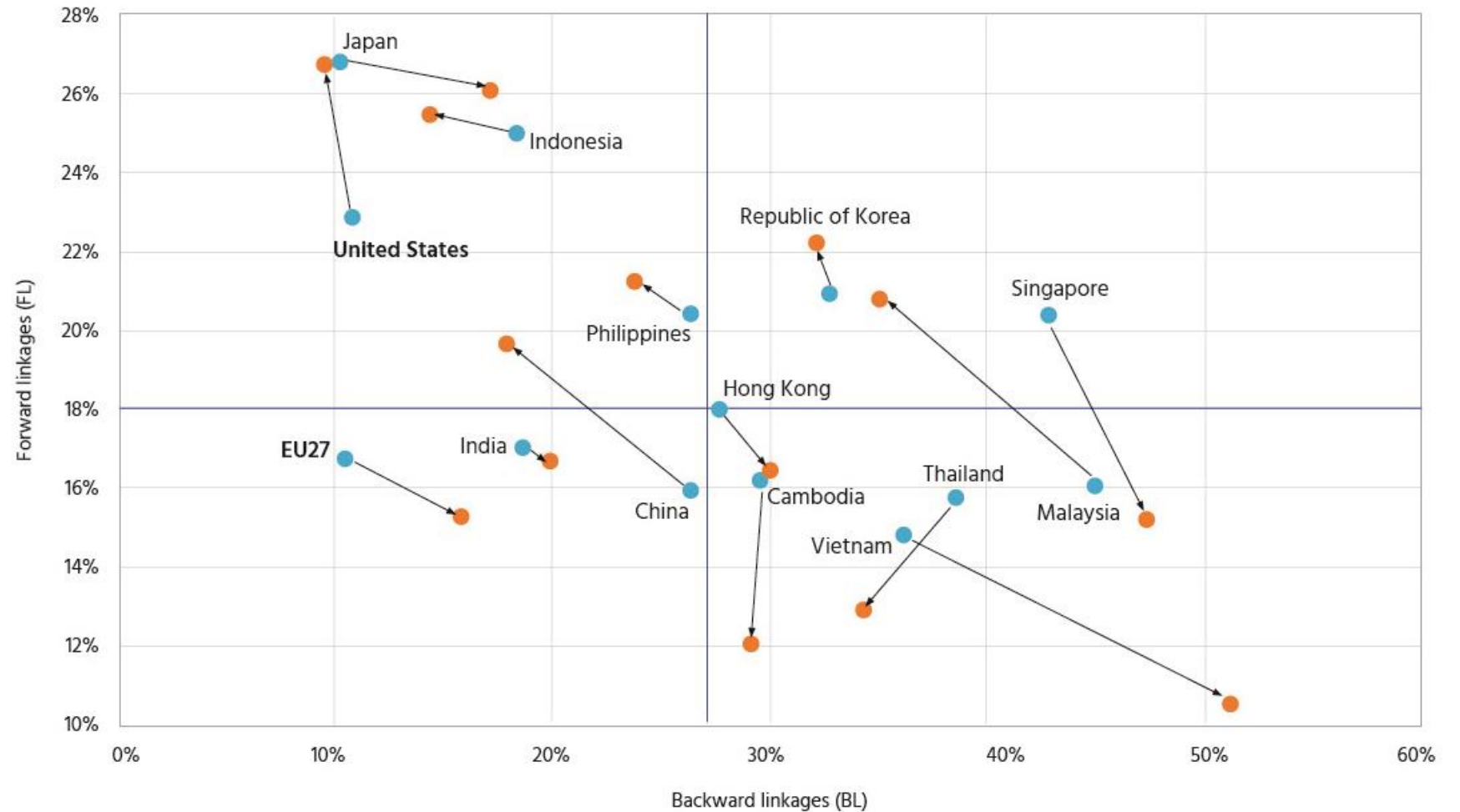
Opportunities:

- Analyse the link between global economic integration and sustainable development shaped by evidence-based policies
- Apply GVC sensitive policies, key for sustainable development

- Unique window of opportunity in terms of ‘politically viable’ policy tools AND financial resources
- But also calls for re-nationalisation and localism
- Risk of vicious circle

Multiple pathways and opportunities in Asia

Backward and forward linkages changes – all industries, 2005 to 2018



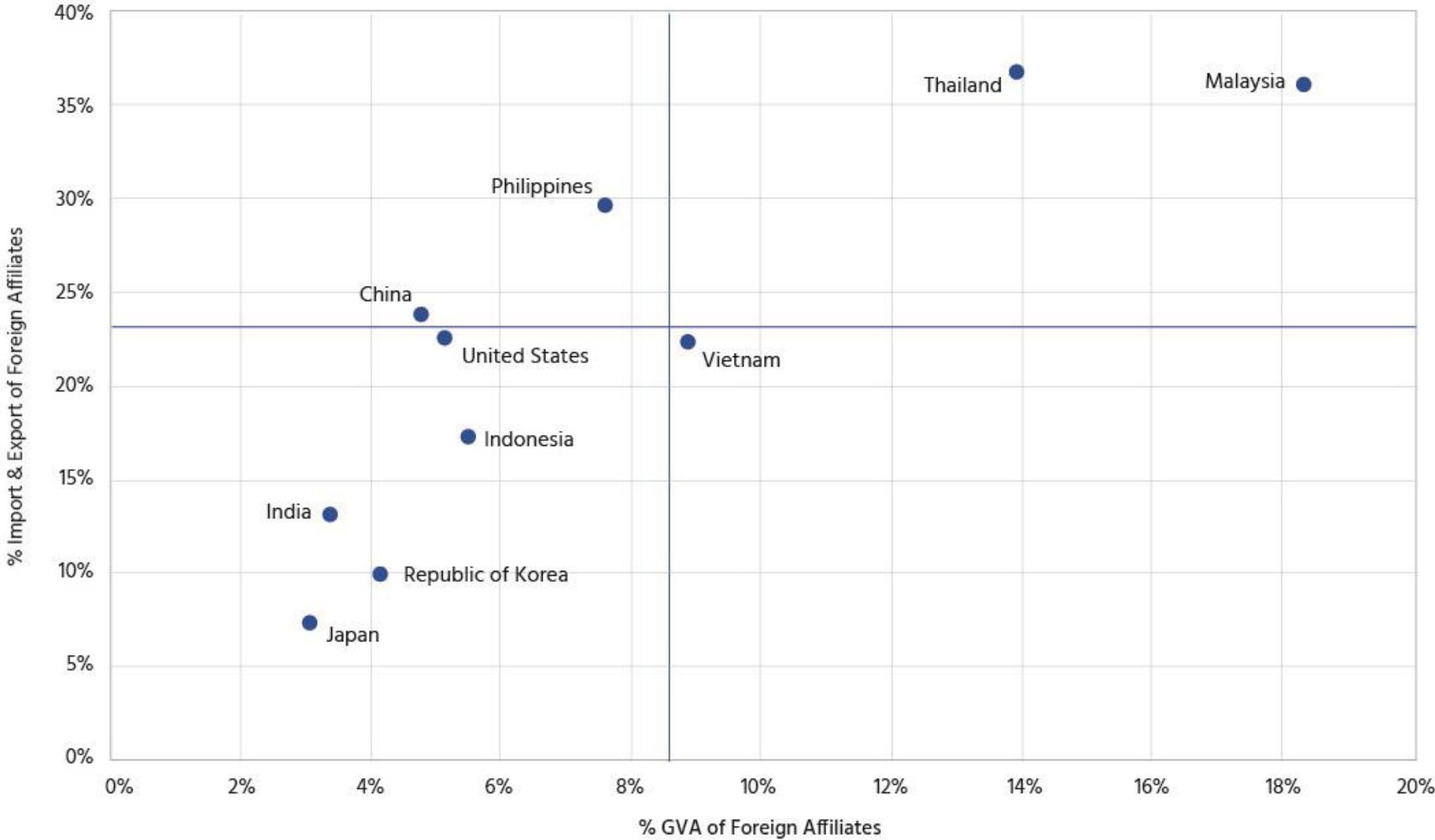
● BL & FL Value in 2005 ● BL & FL Values in 2018

Source: Author's elaboration based on OECD data.

Note: Average values (blue lines) are for all the countries in the chart (Asian economies, EU27 and US). The blue dots show the values in 2005; the orange dots in 2018; arrow highlights the direction of the change between the two periods.

The Lead Firm: the role of FDI

Foreign affiliates – GVA, export, and import – all industries, 2015

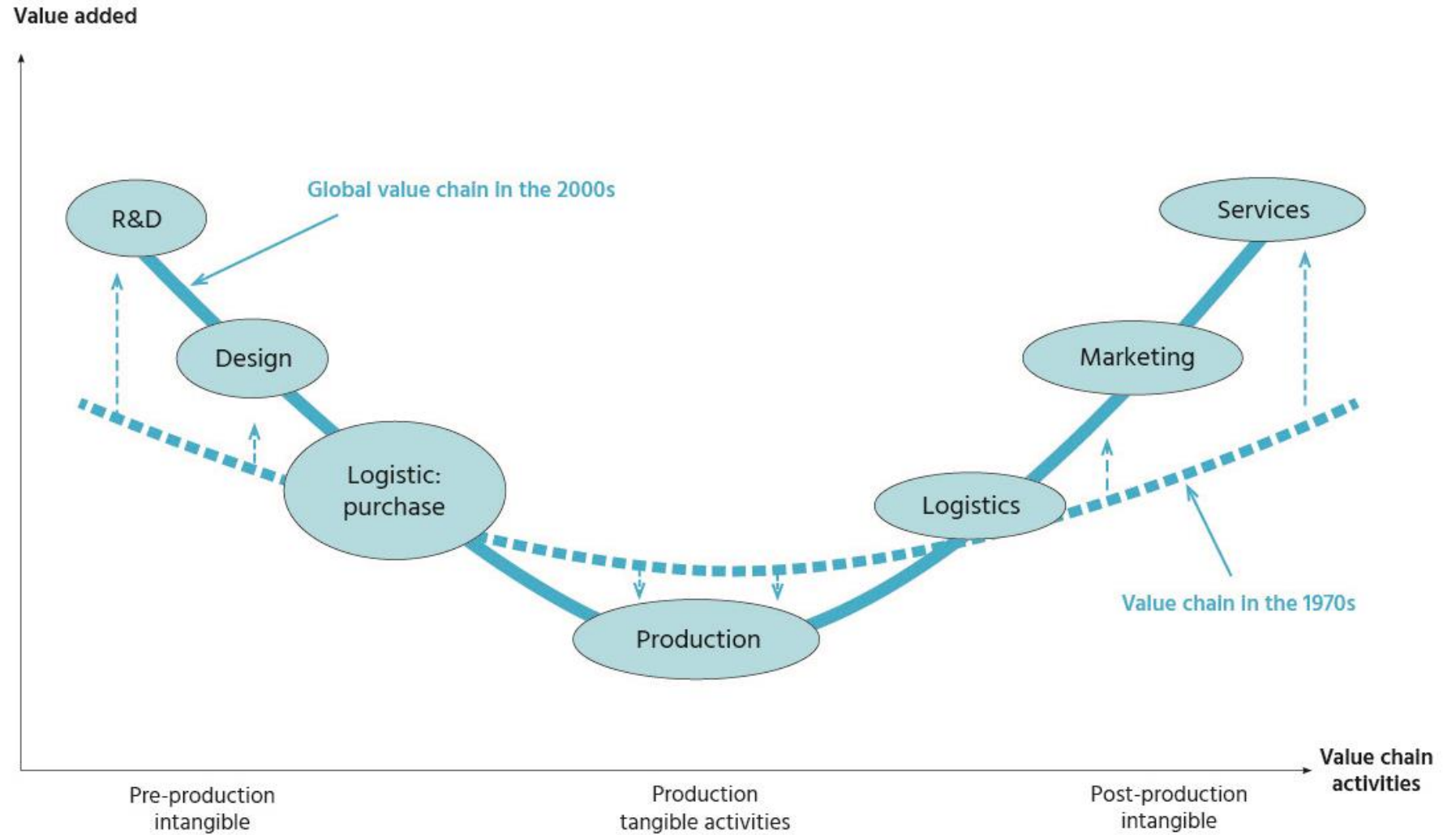


Source: Author's own elaboration based on Analytical AMNE database

Note: Average values (blue lines) are for the countries in the chart. Hong Kong (GVA: 50%; IMP+EXP:68%) and Singapore (50%;74%) are excluded from the chart and from the averages (blue lines) as outliers.

Upgrading for development

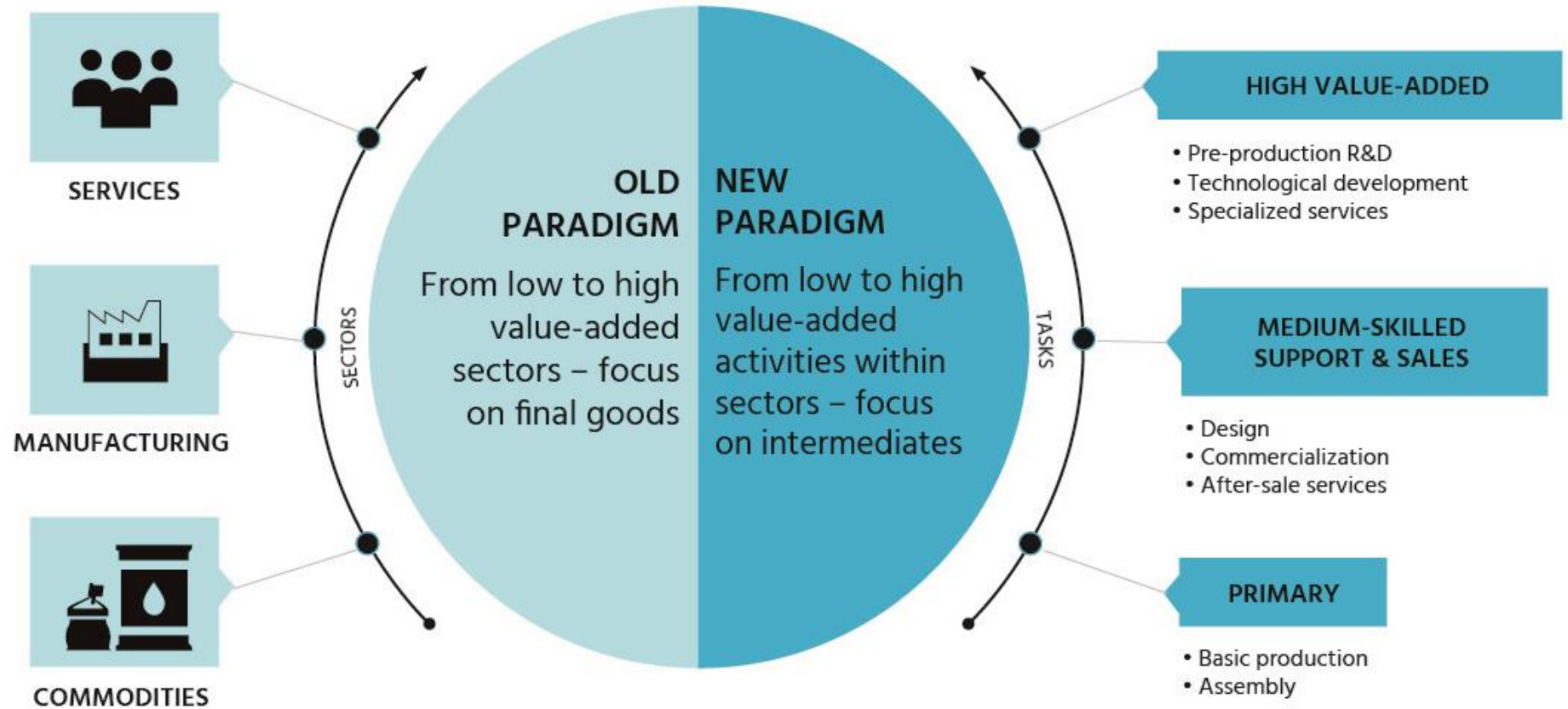
The smiling curve of value added



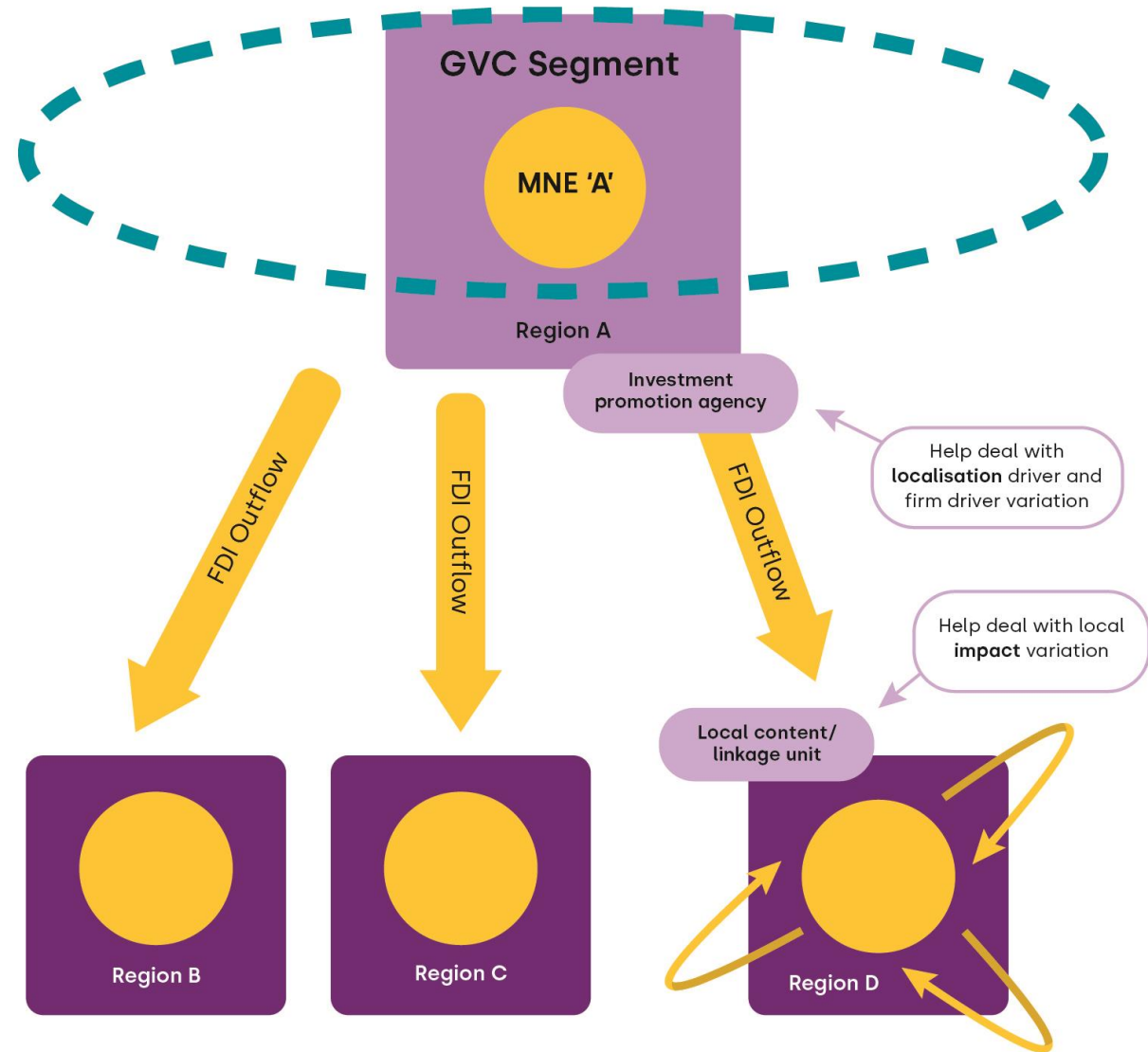
Source: OECD (2013). Interconnected Economies, OECD.

Upgrading for development

The new paradigm: value-added sectors to value-added tasks

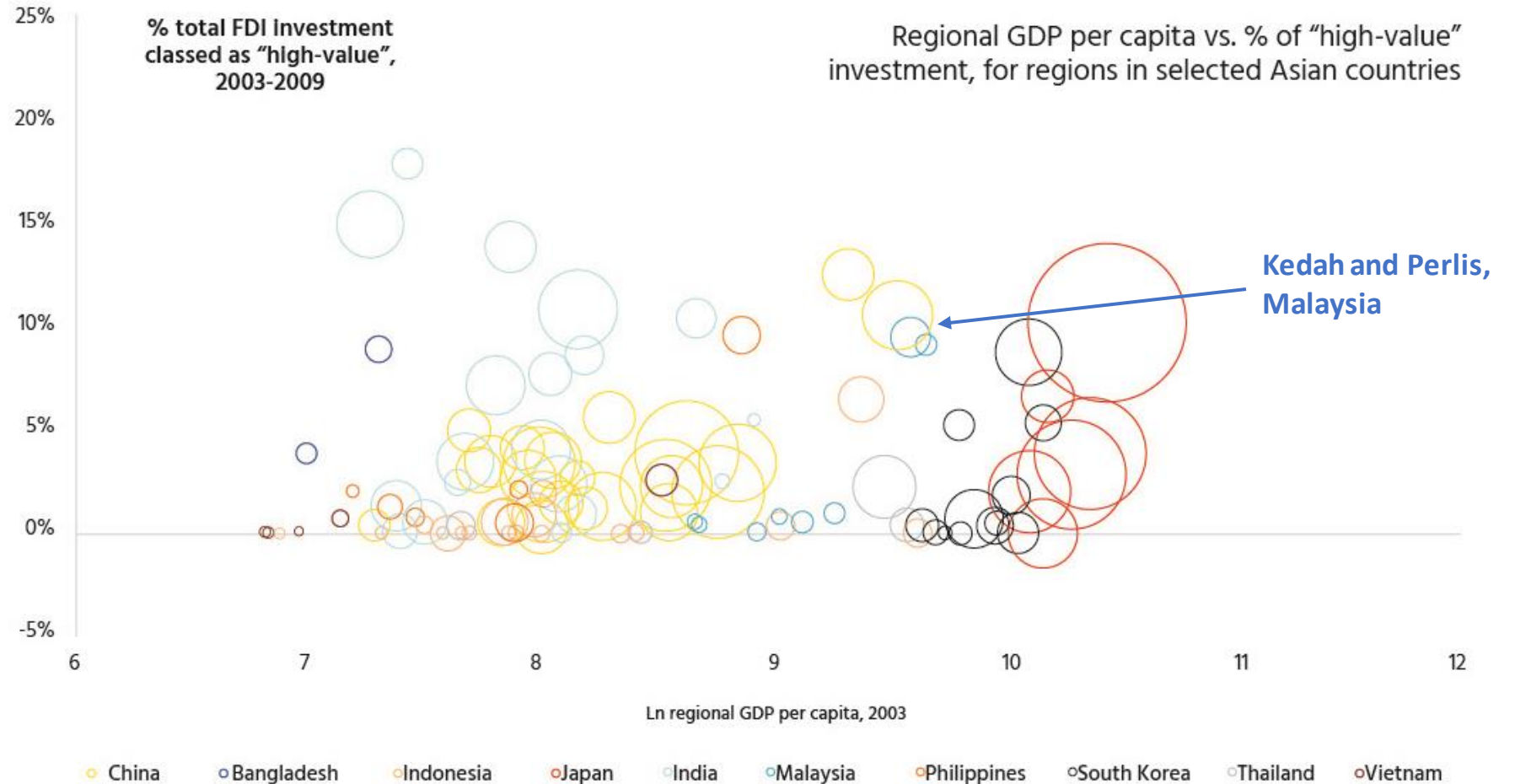


FDI and upgrading on the ground (1)



FDI and upgrading on the ground (2)

High-value FDI (GVC stages 1 & 2), 2003 to 2009, % total FDI value

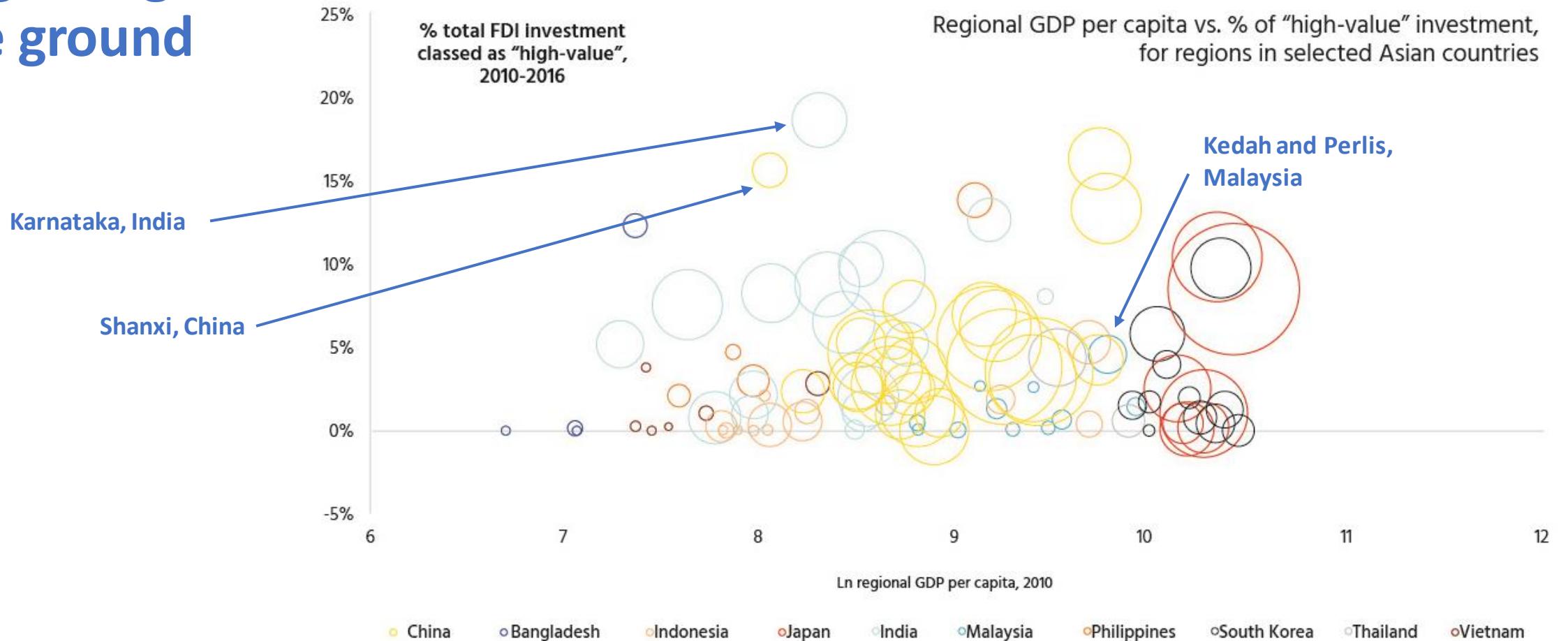


Source: Author's own elaboration based on fDiMarkets data.

Note: High Value Added FDI Projects = GVC stage of FDI Project is either 1 or 2 (HQ / R&D) in previous table
Regions receiving under \$500M total FDI between 2003 and 2009 (inclusive) are excluded

FDI and upgrading on the ground (3)

High-value FDI (GVC stages 1 & 2), 2010 to 2016, % total FDI value

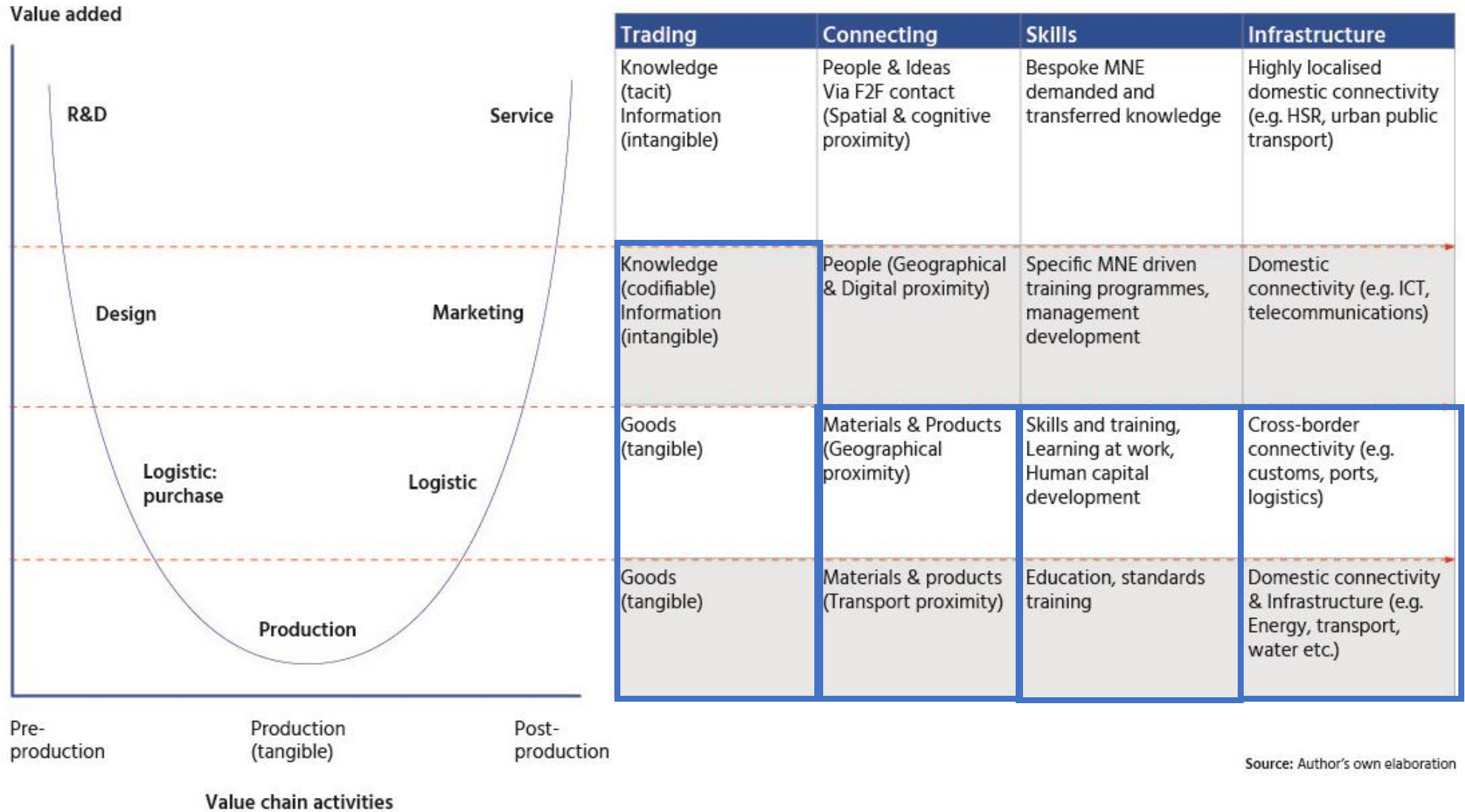


Source: Author's own elaboration based on fDiMarkets data.

Note: High Value Added FDI Projects = GVC stage of FDI Project is either 1 or 2 (HQ / R&D) in previous table
Regions receiving under \$500M total FDI between 2003 and 2009 (inclusive) are excluded

GVC sensitive policies

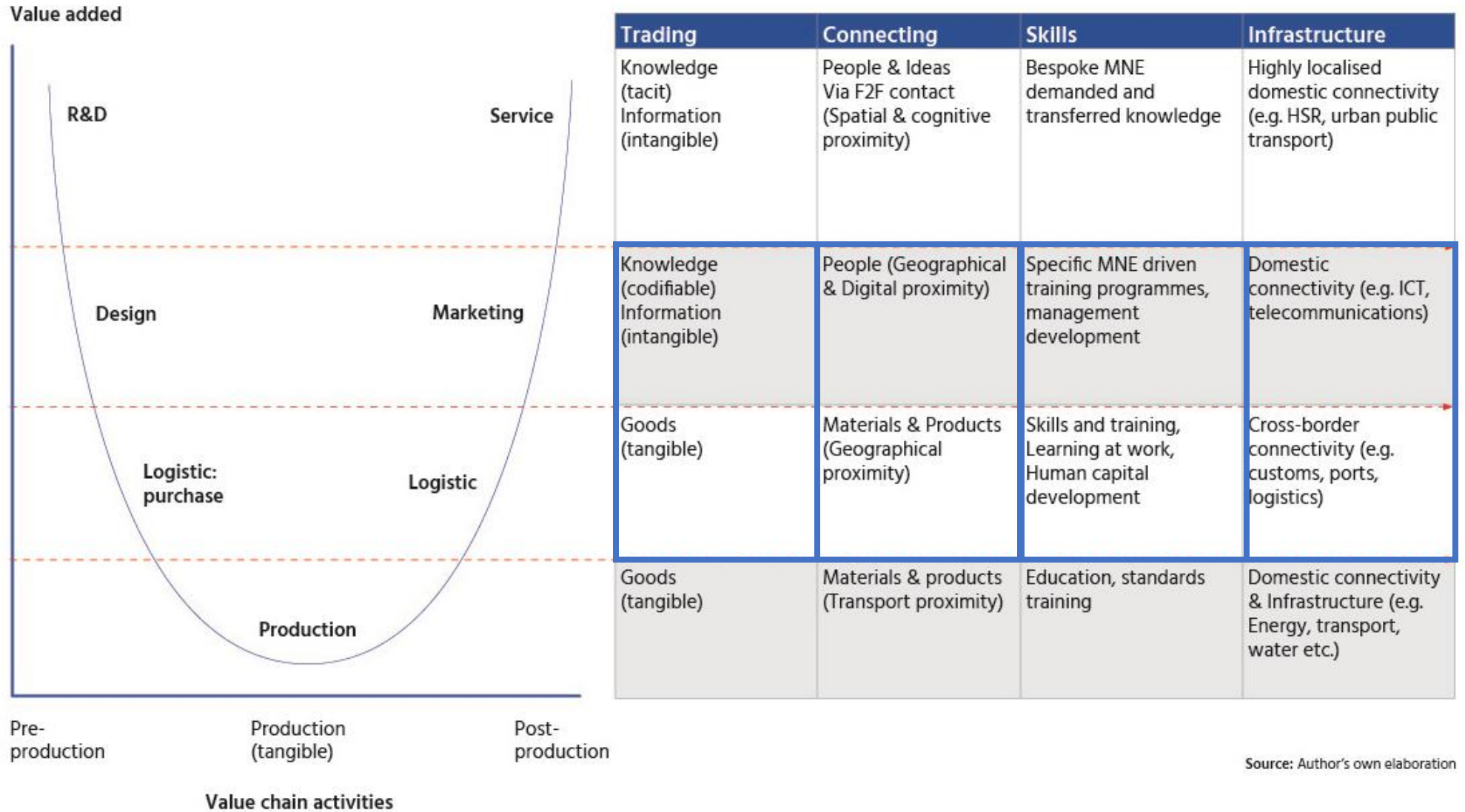
The GVC sensitive smile curve



Source: Author's own elaboration

GVC sensitive policies

The GVC sensitive smile curve



Source: Author's own elaboration

Thinking GVC-sensitive

You may download the report [here](#).

hinrich foundation
advancing sustainable global trade

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Climbing up global value chains: Leveraging FDI for economic development

BY RICCARDO CRESCENZI AND OLIVER HARMAN
LONDON SCHOOL OF ECONOMICS



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