

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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Geneva, 16–27 September 2013

**Plenary on Item 9:
Investment for development: Global Value
Chains and Development**

Speaker: Institute of Development Studies

Wednesday, 18 September 2013

*Not checked against delivery **

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Institute of
Development Studies

World Investment Report 2013

John Humphrey

Trade and Development Board
Geneva, 18 September 2013

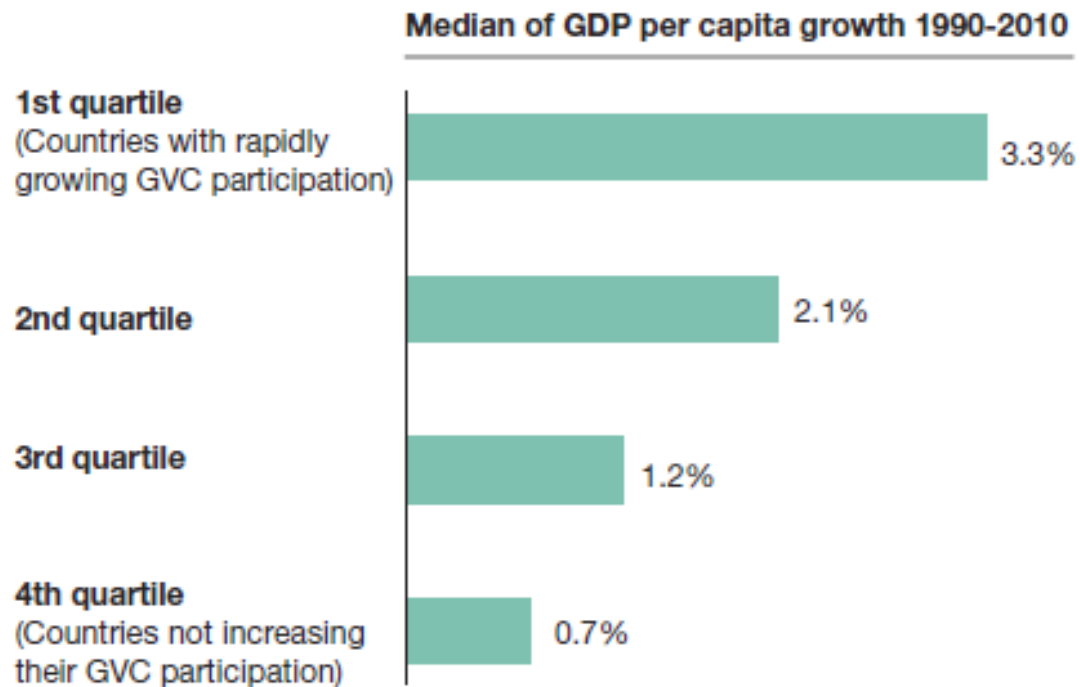


My Take Home Messages

- Importance of value chain connections for trade
- Methodological breakthrough
 - International input-output tables
- Policy implications
 - Entry to global value chains
 - Using global value chains for development
- Doing less, but doing it better
- Partnering for export success

Countries with rapidly growing GVC participation grow faster than other countries

Figure IV. 20. GDP per capita growth rates by quartile of growth in GVC participation, developing economies only, 1990–2010

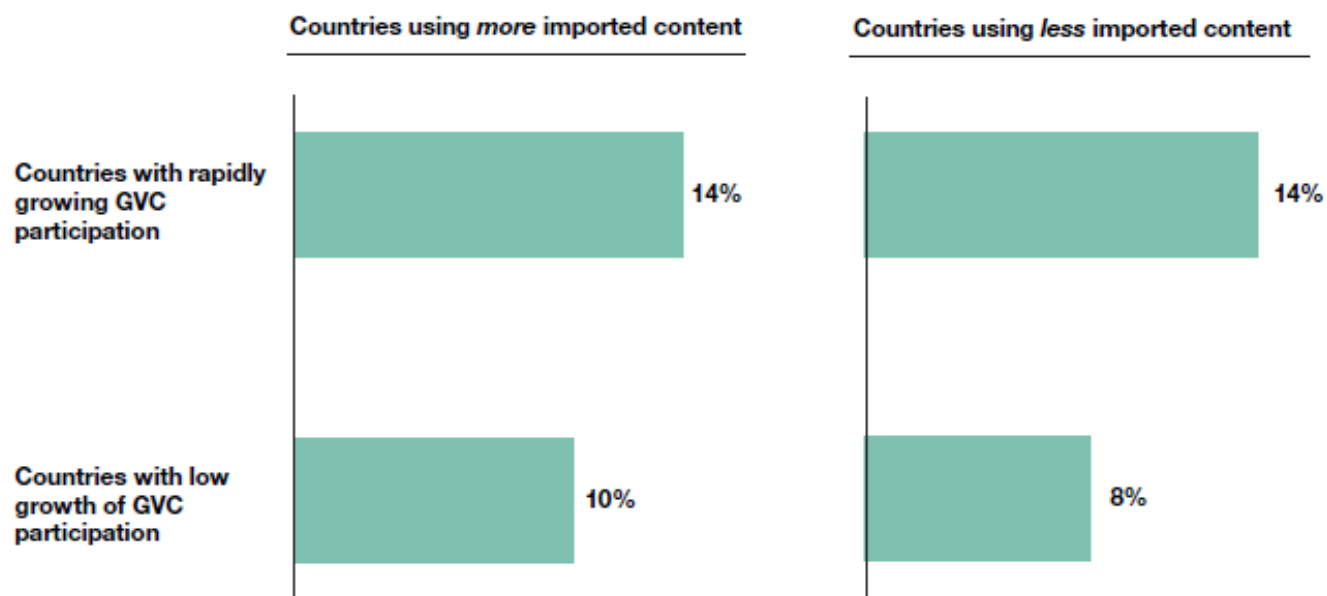


Source: UNCTAD-Eora GVC Database, UNCTAD analysis.

Note: Data for 120 countries, ranked by GVC participation growth and grouped in quartiles; growth rates reported are median values for each quartile.

GVC participation and rising import content of exports is not harmful to employment creation

Figure IV.25. Growth of the labour component of domestic value added in exports, by level of GVC participation growth and foreign value added



Source: UNCTAD-Eora GVC Database, UNCTAD analysis.

Note: Data for 187 countries. "Countries with rapidly growing GVC participation" refers to the 50% of countries with the highest 2000-2010 GVC participation growth rate. "Countries using more imported content" refers to the 50% of countries with the highest foreign value added share in exports in 2010.



Entry into value chains (2)

- FDI. Find the businesses that know how to succeed and attract them
 - Not always obvious which ones
- Bring the experts to provide advice
- Supportive local environment



Accessing Value Chains

- Educated labour force
- Infrastructure for movement of goods
 - Physical
 - Institutions
 - Support services
- Facilitate movements of people
- New opportunities
 - Garments industry in Ethiopia
 - Linking to the right companies

Succeeding in Value Chains

- Entry does not guarantee success or permanence
 - Competitive markets and investor choices
- Same broad enabling factors
- Chain specific requirements and initiatives
- Work to develop local supporting industries
- Mitigating risks
 - Follow global trends
 - Diversify export sectors



Change in mindset

- Trade in tasks, not products
- The specialised firm – focus on being part of the firm
- Facilitate imports as well as exports
- Use linkages to mobilise knowledge and resources for development