

Roles of Services in Global Value Chains: a review

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Outline

- Roles of services in GVCs
 - Enabling GVCs in goods
 - Creating GVCs of its own
- Issues and challenges for analytical work on services GVCs
- Current architecture: what do we know so far?
- Policy implications

Roles of services in GVCs

Role 1 “Enablers” of GVCs in goods

Ex1. Automotive GVCs

Value added of a typical US car (services are highlighted)

1. R&D (Japan)	17.5%
2. Design	about 3%
3. Assembly (ROK)	30%
4. Assembly (US)	37%
5. Supply of minor parts (TW)	4%
6. Advertising & marketing (UK)	2.5%
7. Data processing (Ireland & Barbados)	2%
8. Transport and insurance	about 4%

Contribution
of services =
30%

Role 1 (cont.)

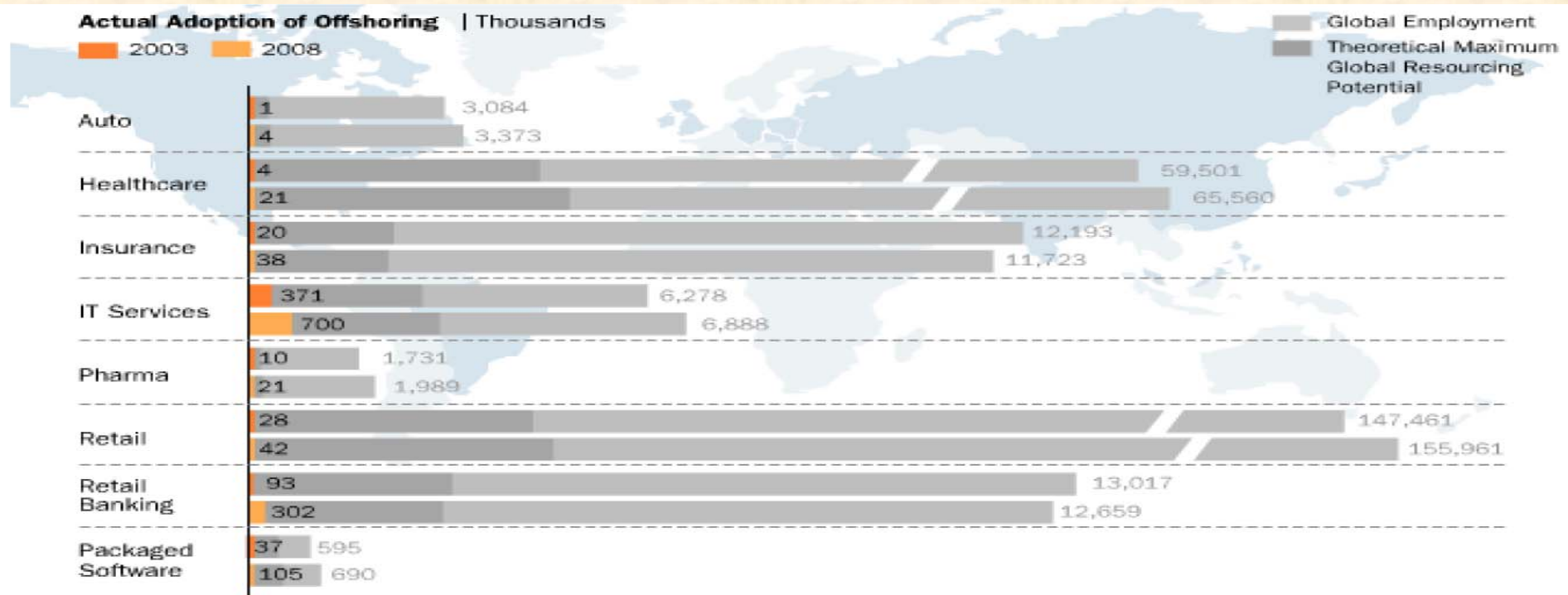
Ex2. Texas Instrument

GVCs of a high-speed telecom. chip (TCM9055)
(services are highlighted)

1. IT experts	Design quality improvement strategies (Ericsson, Sweden)
2. Designers	Create a blueprint for the chip (France)
3. Produce prototype	(Japan)
4. Chip production	(worldwide)
5. Engineering services	Fixing problems remotely through telecom. system (TW)
6. Packaging process	Southeast Asia
7. Chips implanted	US, Mexico, Australia
8. Transport and insurance	(worldwide)
9. Distribution	(worldwide)

Role 2: Creating GVCs in services

- Services are disaggregated and traded as separate ‘tasks’, thus creating value chains
- “Intermediates” represent 73% of trade in services , while 56% of trade in goods for OECD (Miroudot et. al., 2009).



Source: (McKinsey Global Institute, 2009)

* Adoption of offshoring assesses the current and projected level of offshoring to low-wage countries within a sector

* *Theoretical Maximum Global Resourcing Potential* describes the percentage of a sector or function may be performed remotely.

Data issues and challenges



Issues and challenges

as GVCs tend to be underestimated.

t of transactions in services GVCs is under mode 3
al presence, ie. FDI) which is not included in services

o of FDI to trade in OECD countries (1995-2005)

