Key messages

- The growth of global value chains has slowed since the Global Financial Crisis of 2008-09 but not stopped. In fact, complex global value chains (GVCs) grew faster than GDP in 2017.
- Factoring in GVCs when studying the impact of trade on labor markets reveals that trade has not been a significant contributor to declines in manufacturing jobs in advanced economies, and that job gains in services have offset job losses in manufacturing.
- The emergence of GVCs has offered developing countries opportunities to integrate into the global economy by delivering jobs and higher income.
- The impacts of technological change and increased productivity on employment linked to GVCs have been offset by growing consumer demand, and in the short term, automation will not dramatically reduce the attractiveness of low-wage destinations, especially for labor-intensive tasks that require human dexterity.
- The impact of new digital technologies on GVCs is uncertain: they may reduce the length of supply chains by encouraging the re-shoring of manufacturing production, thus reducing opportunities for developing countries to participate in GVCs, or they may strengthen GVCs by reducing coordination and matching costs between buyers and suppliers.
- Despite the aggregate gains they create, trade, automation and digital technologies can cause disruption and widen existing disparities across regions and individuals. This calls for broad and comprehensive adjustment policies.
- While small and medium-sized enterprises (SMEs) are under-represented in GVCs, the digital economy provides new opportunities for SMEs to play a more active role.
- Open and transparent policies tend to promote GVC-led growth more than import-reducing policies targeted at raising the share of domestic value-added in exports.
- Using value-added trade rather than gross trade statistics is crucial to understanding GVCs and their impact on jobs. Efforts to continue to improve the quality of these estimates are strongly encouraged.