

Foreword

The COVID-19 pandemic has severely disrupted the world economy. Mobility restrictions, imposed by governments anxious to contain the virus, have profoundly impacted the networks of complex production-sharing known as global value chains. However, these networks were under pressure even before the pandemic. A general stagnation in the pace of globalization has persisted since the 2008–2009 global financial crisis, punctuated at times by trade disputes.

Still, global value chains have proven to be resilient. Solutions such as increased use of digital platforms emerged soon after the initial shock of the pandemic. Global value chains have played a key role in the production of personal protective equipment and vaccine components. In addition, as COVID-19 recedes, global value chains will no doubt play a major role in the recovery. This recovery must include reinvigorating a trading system that serves and improves the lives of everyone. For example, global value chains connect small-scale farmers in developing economies to multinational corporations and consumers in advanced economies. Understanding where value is created in these chains, and how it is distributed among participants, is central to ensuring that everyone gets a fair share of the gains from trade. The *Global Value Chain Development Report 2021: Beyond Production* provides research that can help stakeholders better understand these processes and develop policies for an economic environment that is being redefined by COVID-19.

This year's report, the third in a series, also breaks new ground by highlighting aspects of global value chains that go beyond the manufacturing processes typically associated with them. It shows that the value added is increasingly generated outside of manufacturing. Advanced economies are creating a growing share of value and employment in global value chains through innovation and intellectual property. At the same time, services-led growth is offering new paths to development, and the report details how developing economies can benefit from this trend.

The report is a joint undertaking of five institutions: the Asian Development Bank, the Research Institute for Global Value Chains at the University of International Business and Economics, the World Trade Organization, the Institute of Developing Economies – Japan External Trade Organization, and the China Development Research Foundation. Taking over from the World Trade Organization, the Asian Development Bank is leading this year's report, which continues to benefit from wide collaboration among global value chains researchers. Fifty-one authors, from 20 research institutions in eight countries,

contributed the 25 background papers that form the basis for this report. We look forward to expanding our collaboration to include more organizations that do research on global value chains.

We hope the *Global Value Chain Development Report 2021* will support essential work to revitalize a trading system that improves everyone's lives.



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