



New ways to measure upgrading in Global Value Chains

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The production of most goods and services is nowadays organized in a complex network of tasks, which are geographically spread over many countries, and these arrangements have made countries become regionally and globally interdependent. Enterprises in many countries contribute to these global value chains (GVCs) of specific industries. At each stage of the chain value-added and employment are created and natural resources are used. Traditional statistics of international trade are not able to directly measure the foreign value-added of exports or the domestic value-added of imports. Efforts are ongoing to capture this trade in value-added through the use of global supply-use tables., where contributions can be expressed not only in market shares, but also in terms of employment and creation of jobs. For developing and least developed countries this macro-approach at global level is problematic since the market shares of the smaller economies in any industry will be low to negligible compared to the shares of many larger economies. Nevertheless, adequate information of the GVCs of the main industries of those developing economies can provide the basis for formulating strategies to upgrade or strengthen the country's position in the value chain. This paper aims to identify methods of measuring GVCs more appropriate for small economies, such as GVC mapping, micro-data linking and small-scale regional supply-use tables. The paper provides an example from Latin America, which could be applied in other developing countries, as well.

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