

Asia-LAC integration through GVCs: Preliminary results based on MRIO data of Asia-Brazil and Mexico

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Key trends found from the data

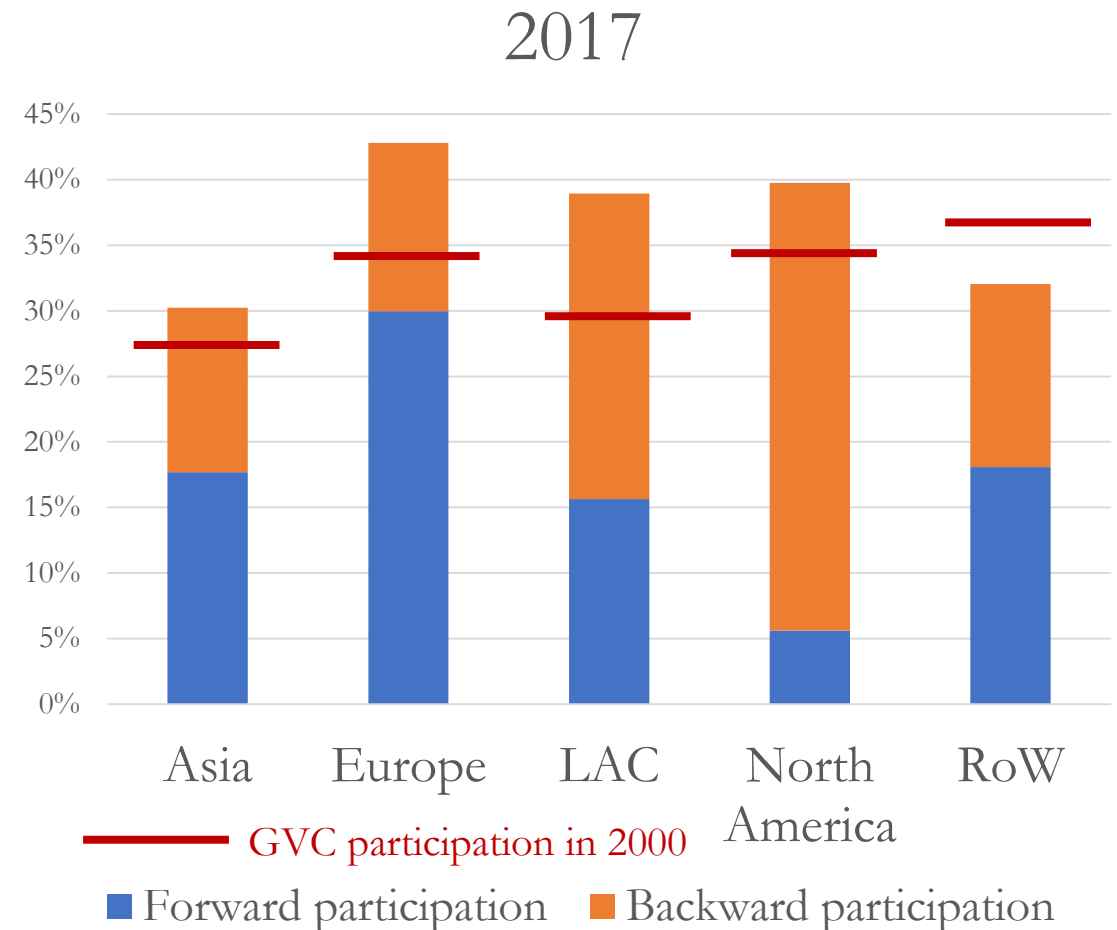
- Global sourcing remain a key even if the policy focus on RVCs
- Asia-LAC GVC relations tend to be commodity for manufacturing, driven by trade with China
- Potential for new links seems to be in services

Looking from LAC's exports to Asia

LAC's participation in GVCs grew over time, but the pace is quite slow when it comes to the participation with Asia GVCs

- LAC is linking more with GVCs in Europe and North America (NA)
- 30% of exports to Asia is related to GVCs, increased from 27% in 2000.
- The GVC linkages increased fastest within LAC.

LAC's GVC participation with regions, MVA+OVA

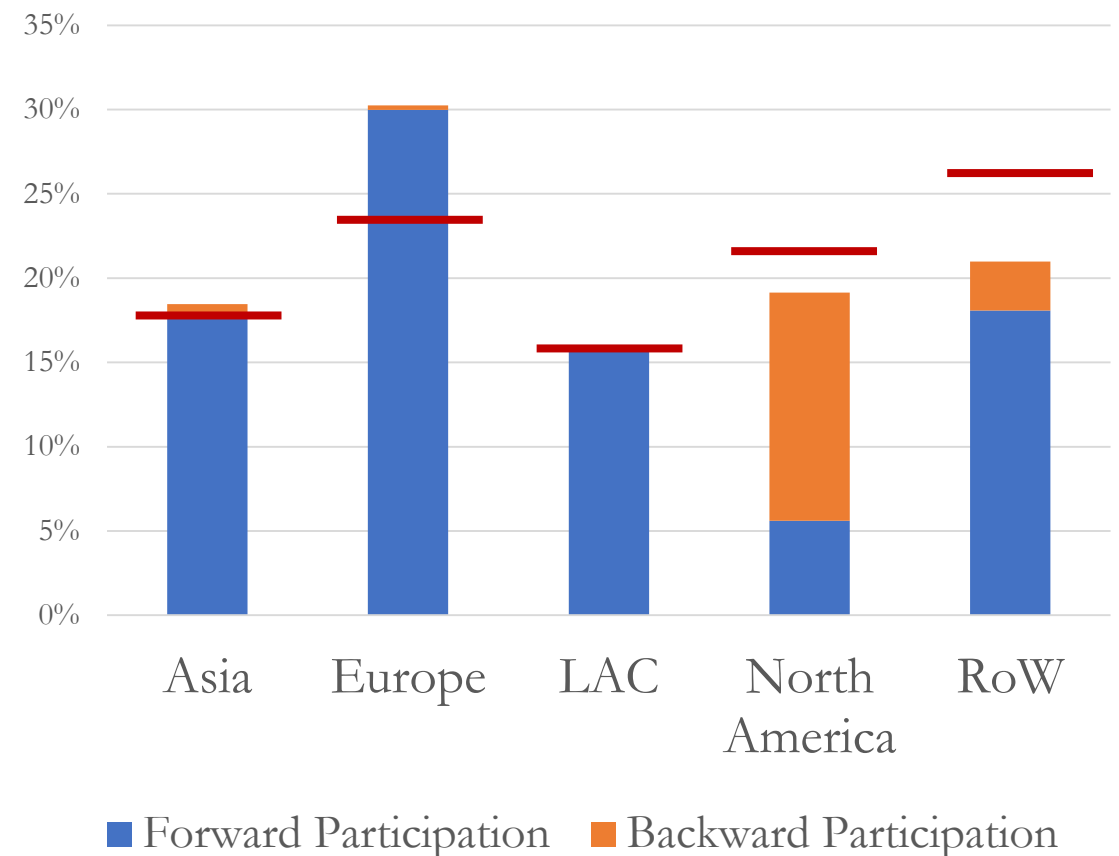


- 1) The growth of GVC participation was not driven by biregional relationships
- 2) LAC's links with NAFTA GVCs have specific characteristics.

- Participating in GVCs requires global sourcing
- Biregional linkages were either decrease or stable.
- How LAC integrate with NA-GVCs differ from the integration with others.

LAC's GVC participation with regions, MVA

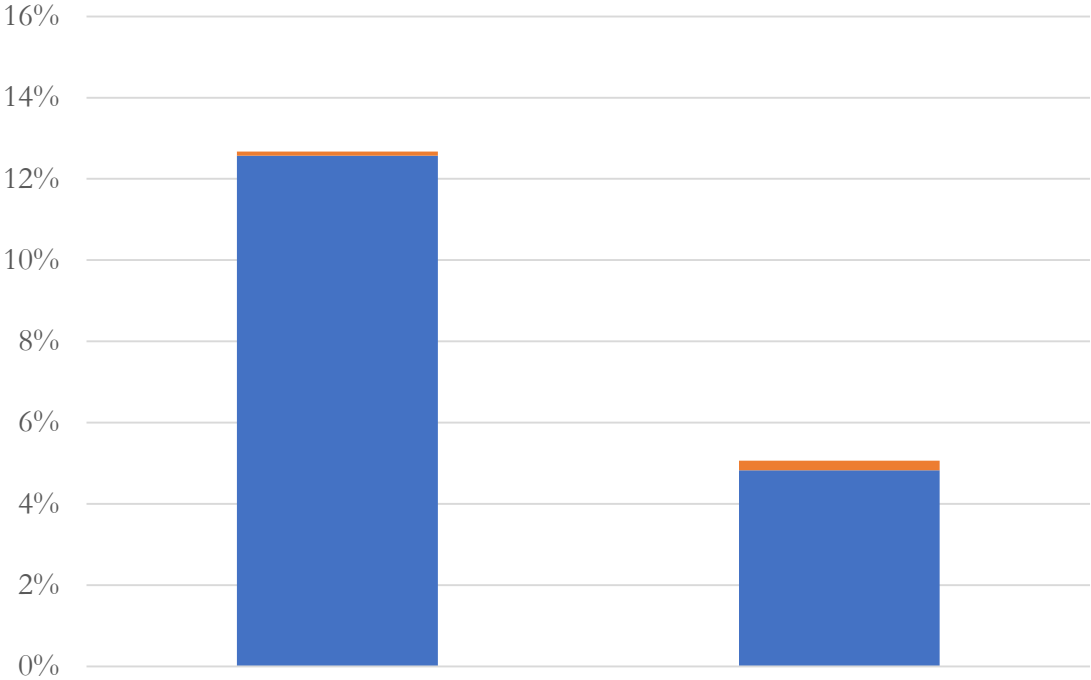
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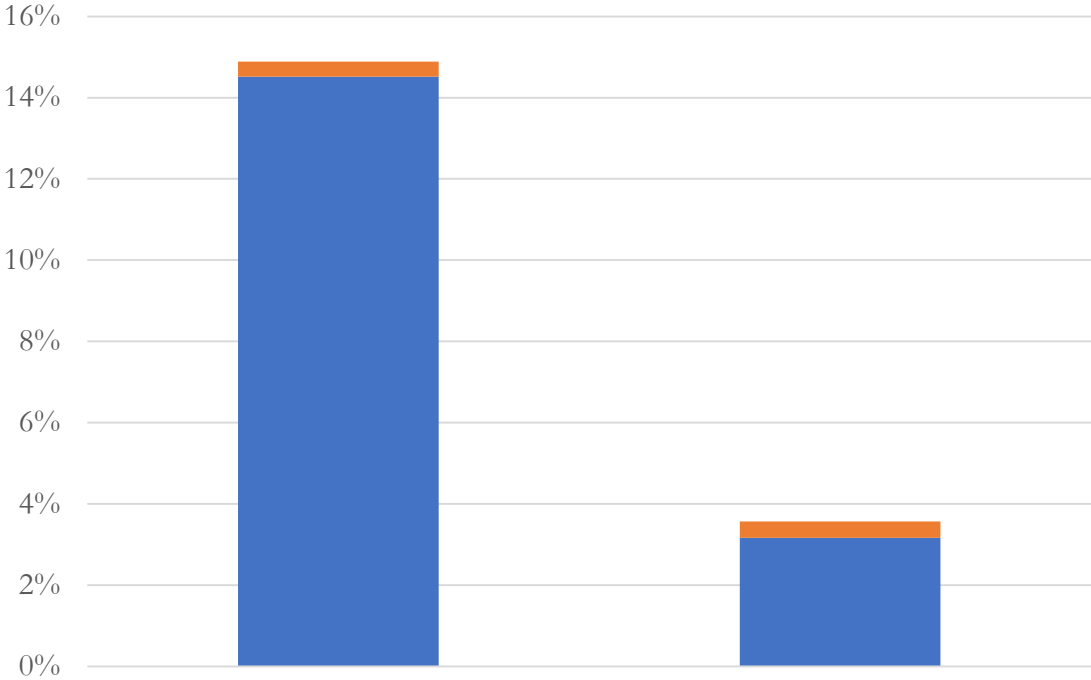
LAC sources of export to Asia GVCs

LAC country-wise GVC exports to Asia (measured over total LAC exports to Asia)

2000



2017

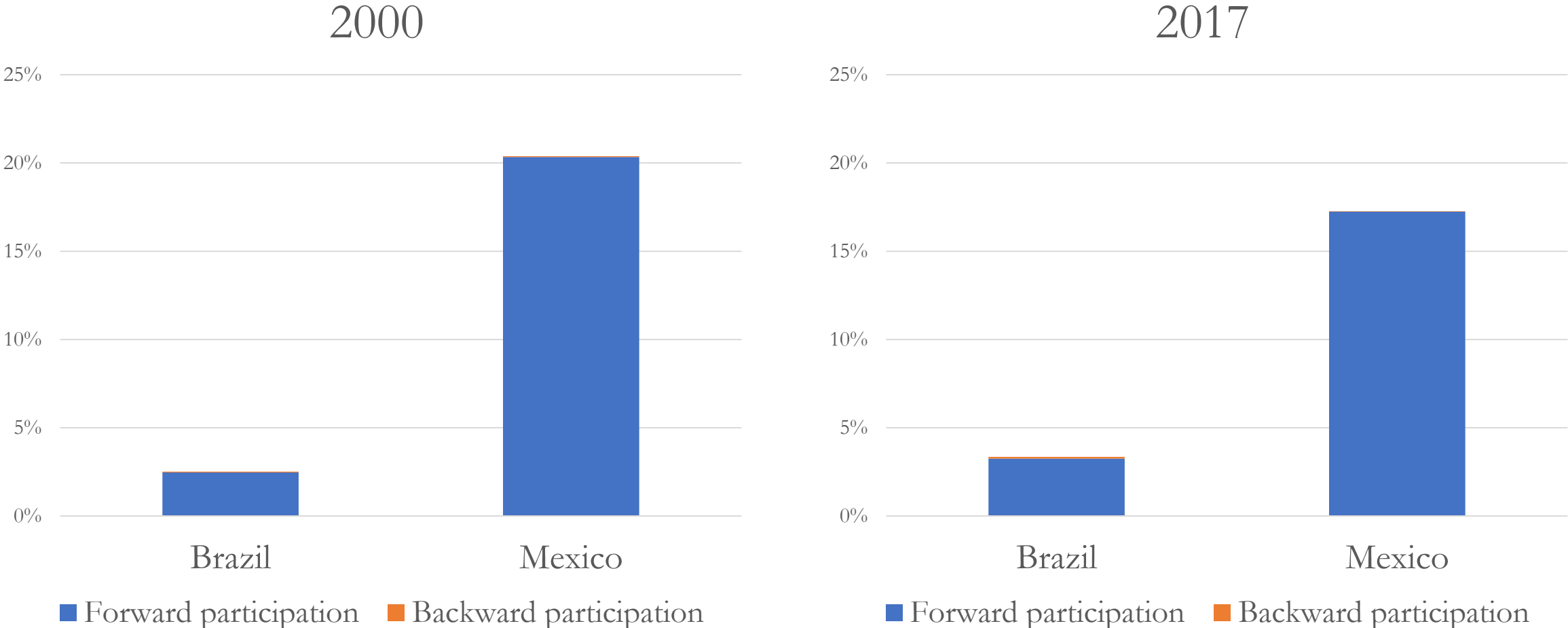


■ Forward participation ■ Backward participation

■ Forward participation ■ Backward participation

LAC destination of exports from Asia GVCs

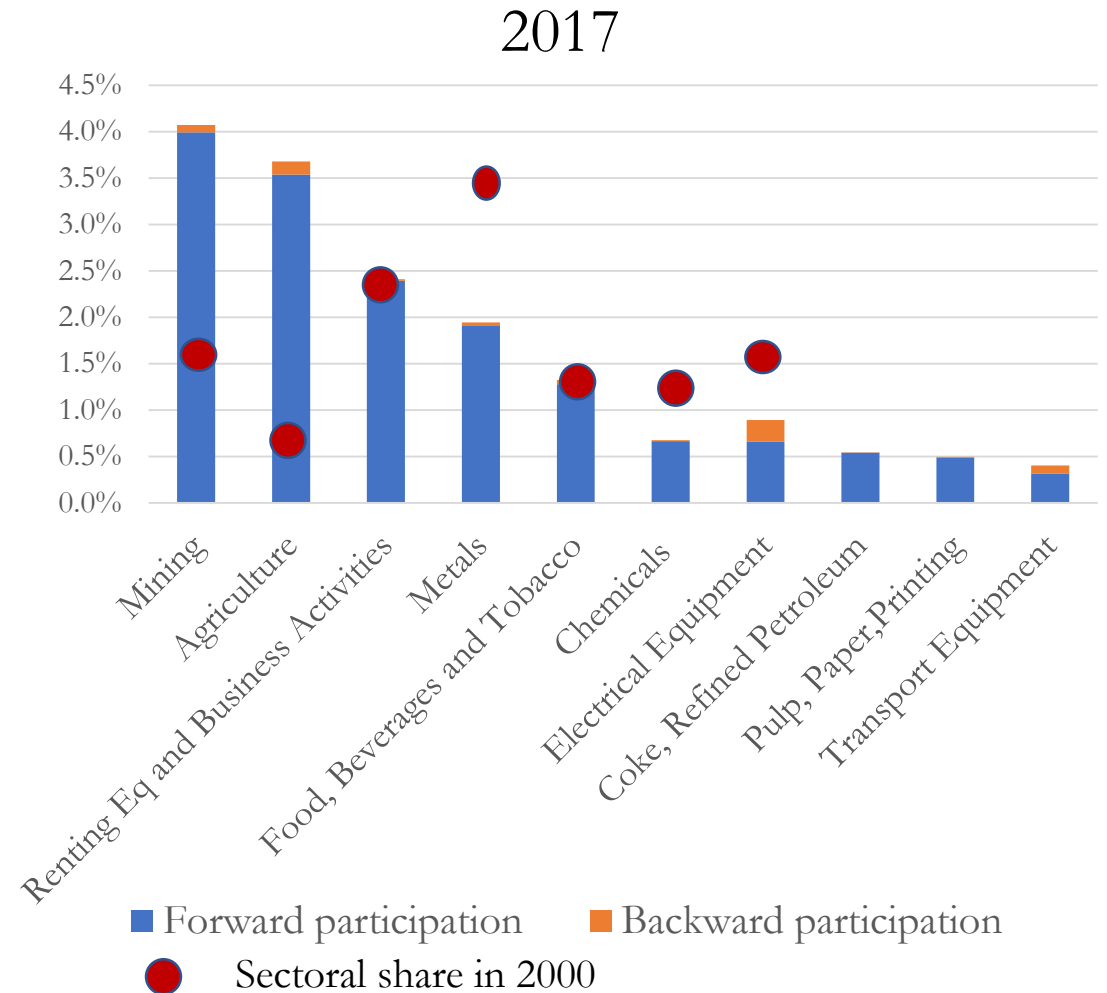
LAC receivers of GVC participation from Asia (measured over Asia's total exports to LAC)



What did LAC export to Asia GVCs?

LAC sectoral exports to Asia (measured over total LAC exports to Asia)

- Mining and agriculture commodity exports to Asia were the main driver.
- Opportunities in services sectors

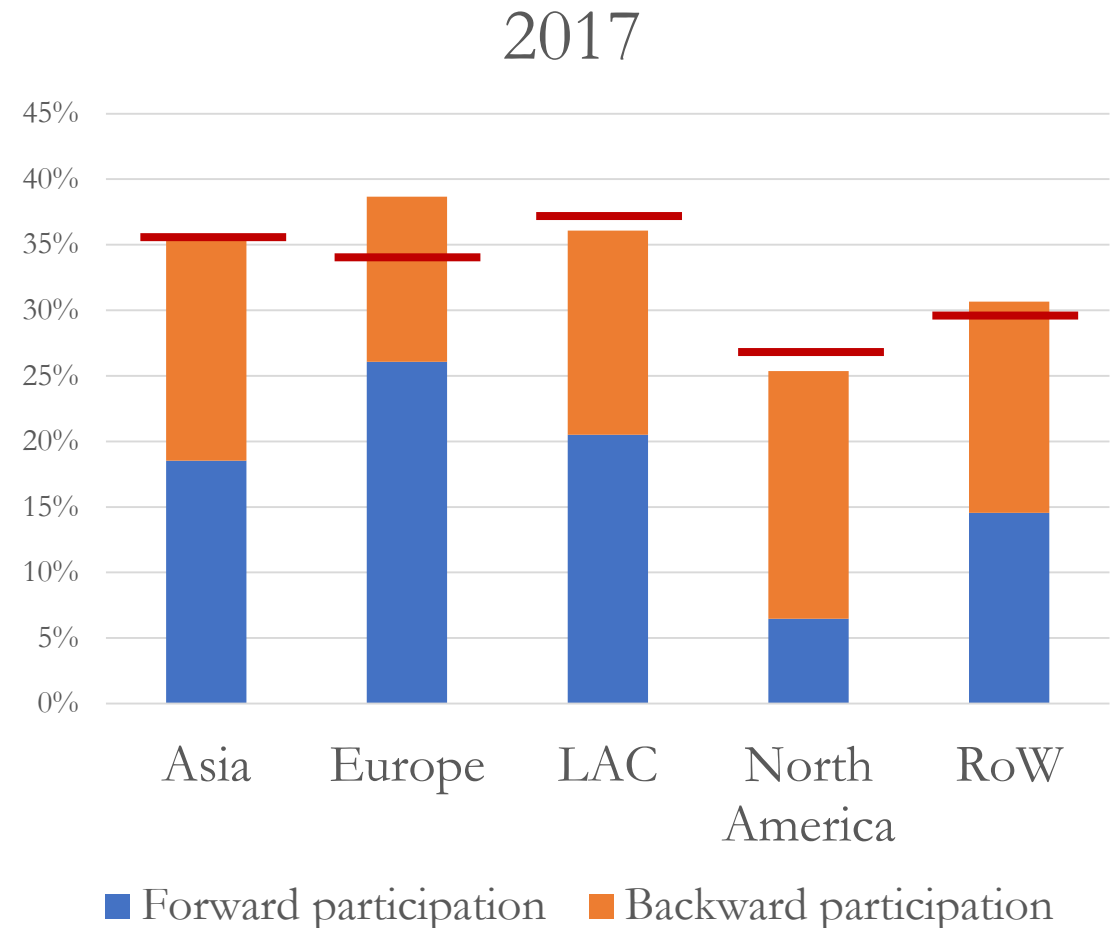


Looking from Asia's exports to LAC

Asia's participation with GVCs in each region.

- In terms of share, Asia's participation in GVCs in each region seems to be stable.
- About 25-40% of exports to each region are serving GVCs in those regions.

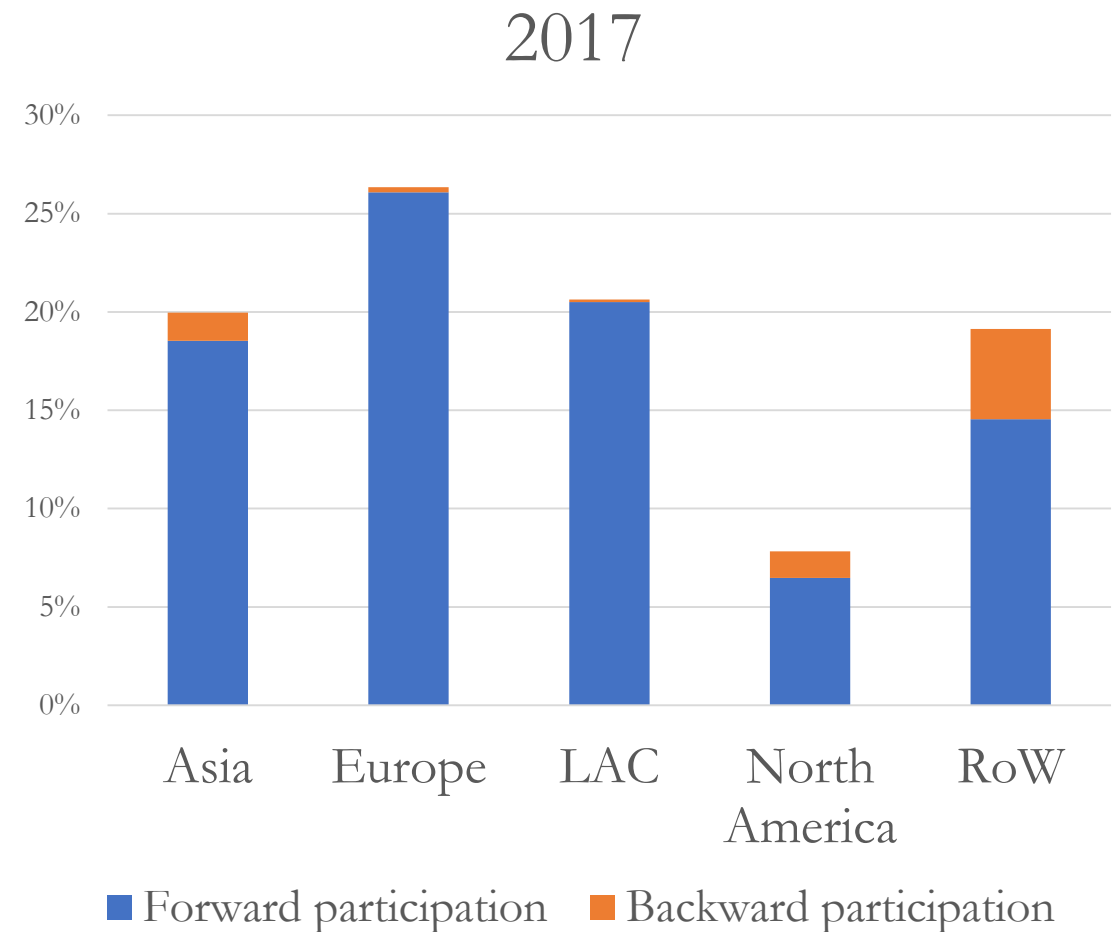
Asia's GVC participation with regions, MVA+OVA



When focusing on interregional relations only....

- Backward participation is marginal. This means integration in interregional GVCs still needs global sourcing.
- The significant share of forward participation reflects the integration of Asia with GVCs in those regions through exporting parts and components.
- Forward participation took significant shares in exports to LAC (2nd after exports to EU).
- Small forward participation with NA to which Asia exports final products mainly.

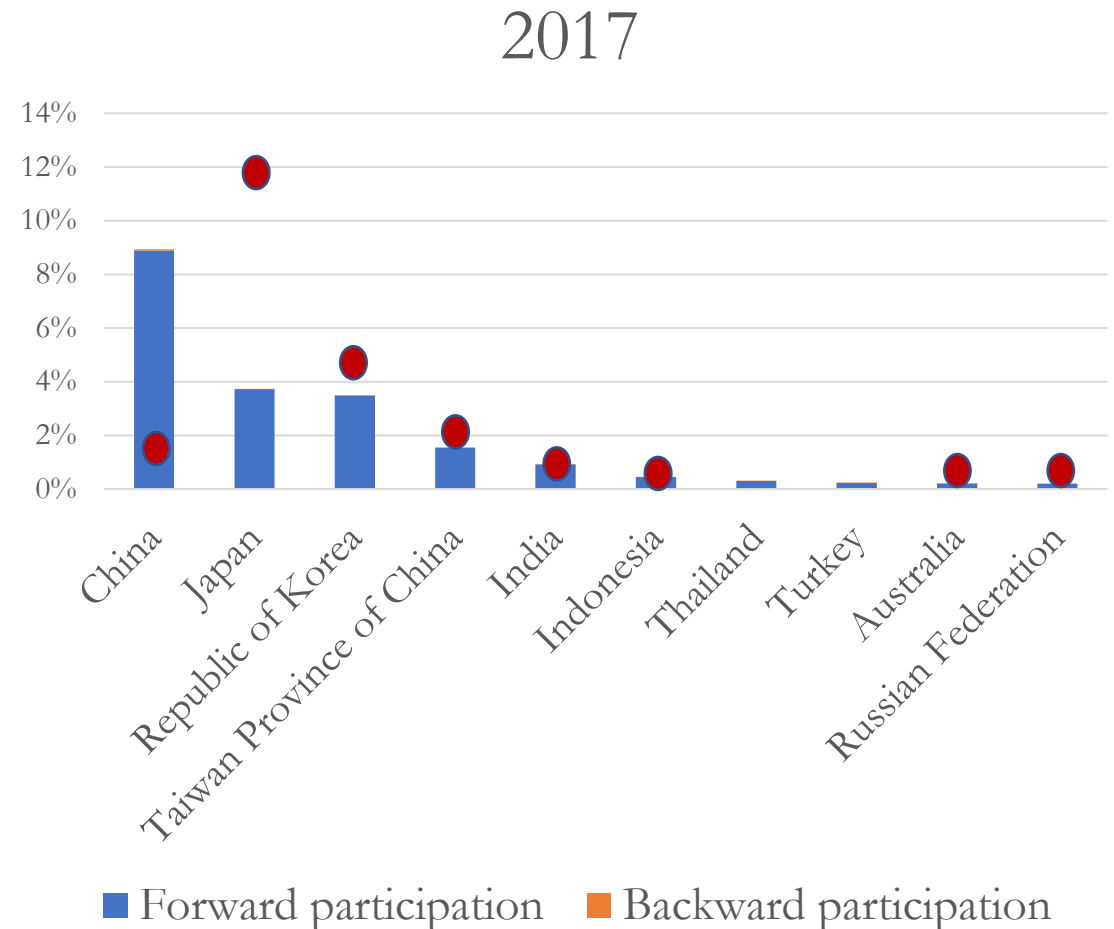
Asia's GVC participation with regions, MVA



Sources of Asia GVC-related exports to LAC

Asia country-wise GVC exports to LAC (measured considering total Asia exports to LAC)

- The increasing role of China with the decreasing role of Japan.
- Manufacturing-for-mining trend

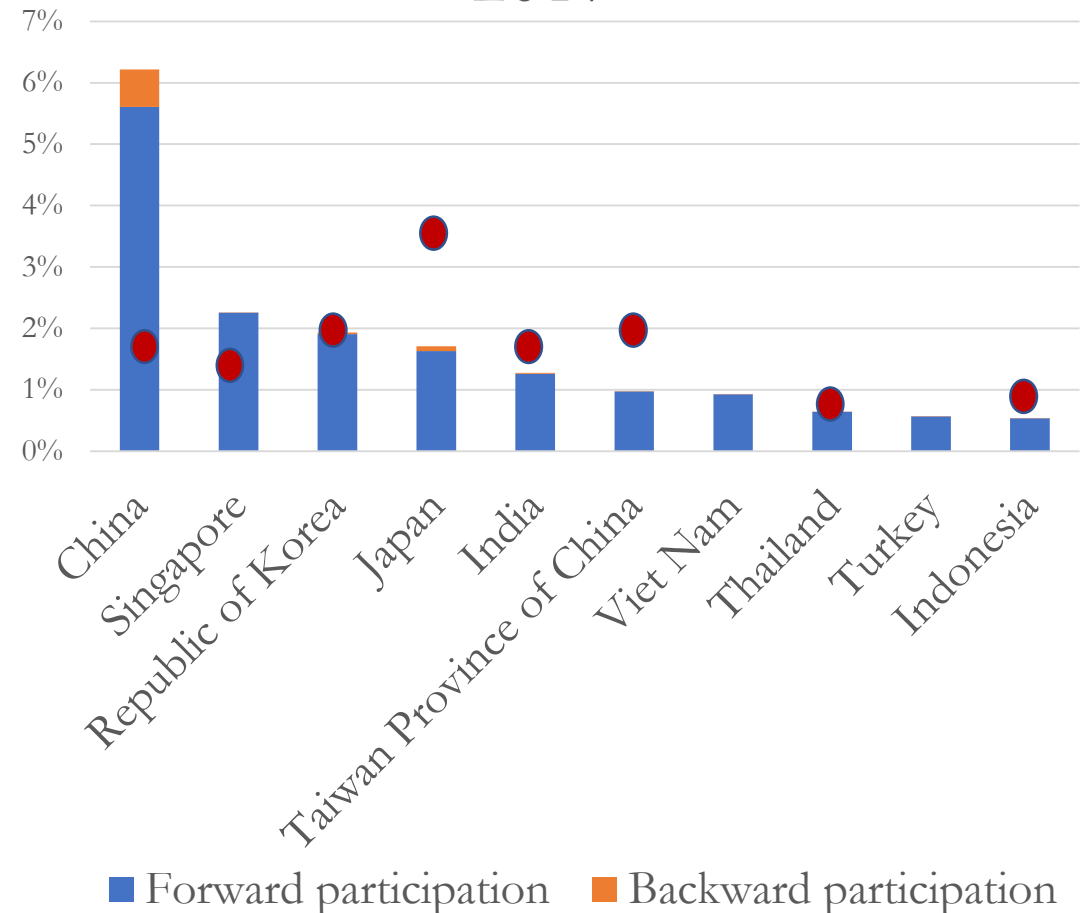


Destinations of GVC-related exports from LAC

Asia receivers of GVC participation from LAC (measured over total LAC exports to Asia)

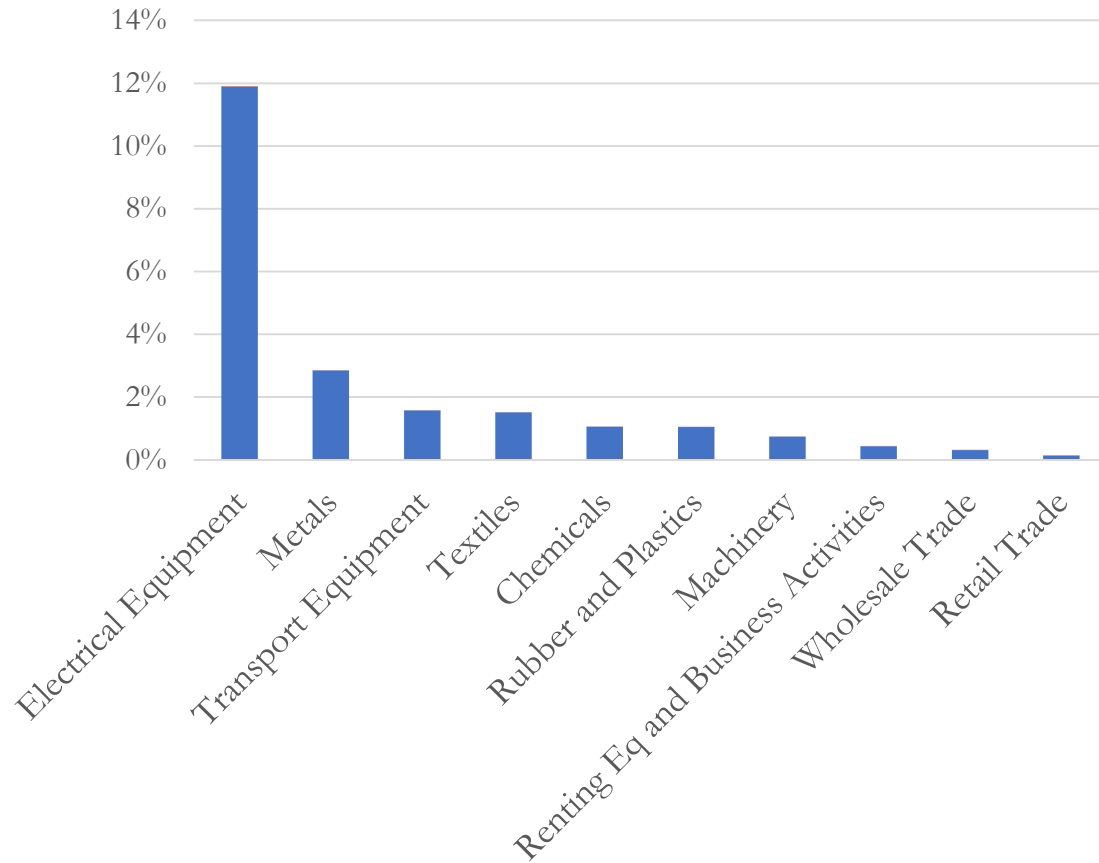
2017

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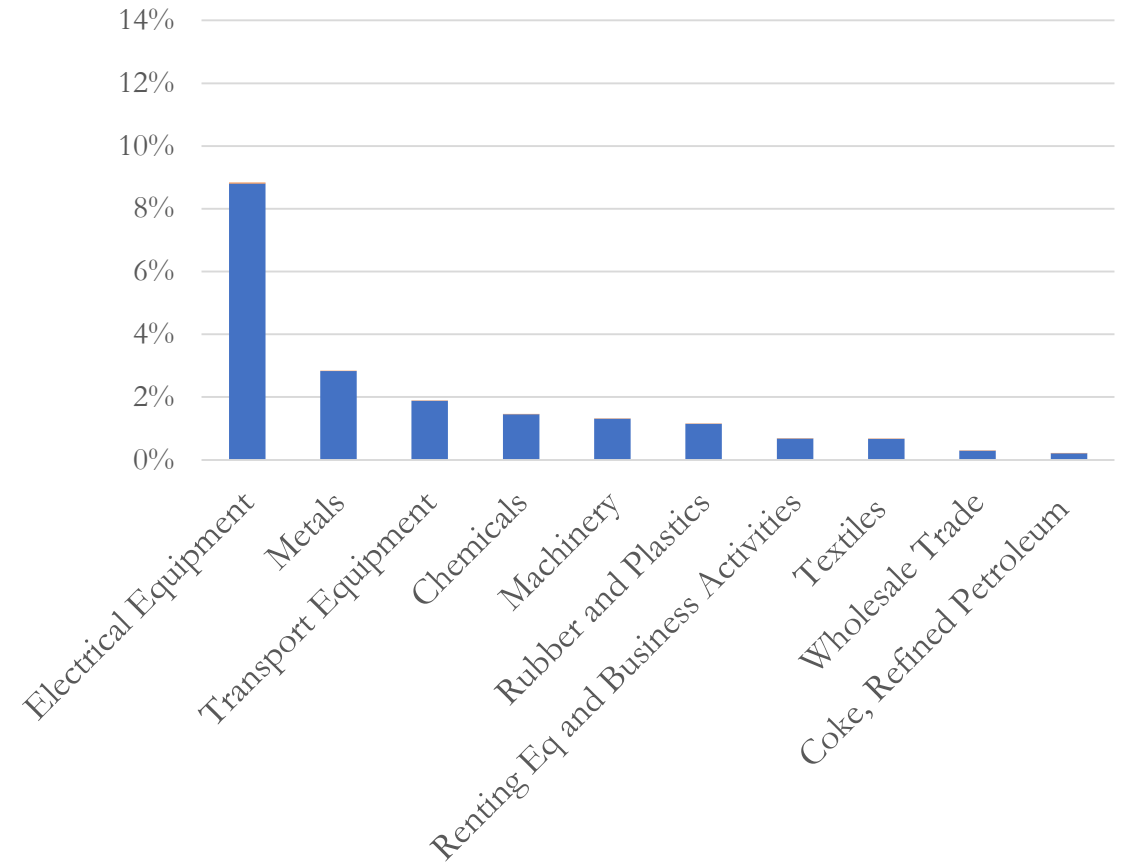
Asia sectoral exports to LAC (measured over total Asian exports to LAC)

2000



■ Forward participation ■ Backward participation

2017



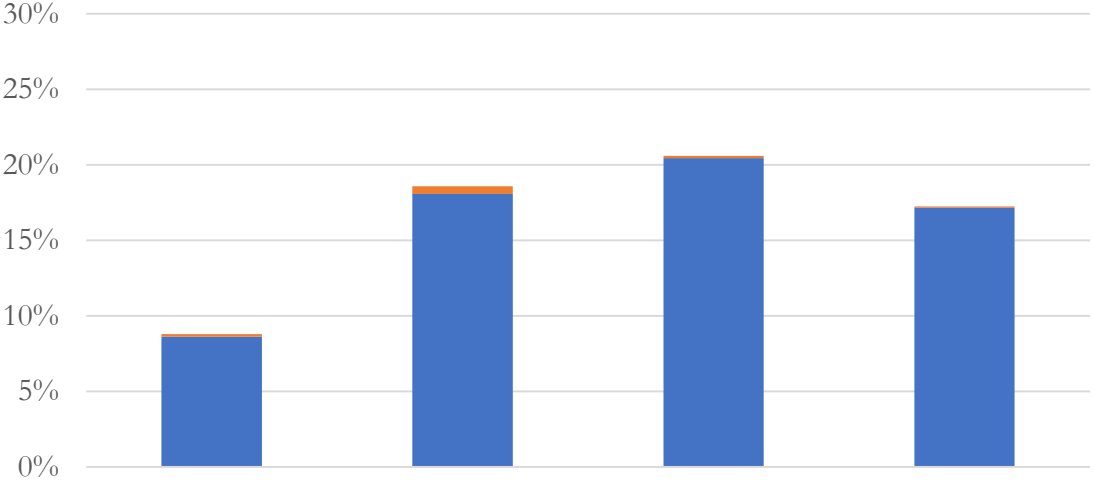
■ Forward participation ■ Backward participation

Services: the potential new linkages

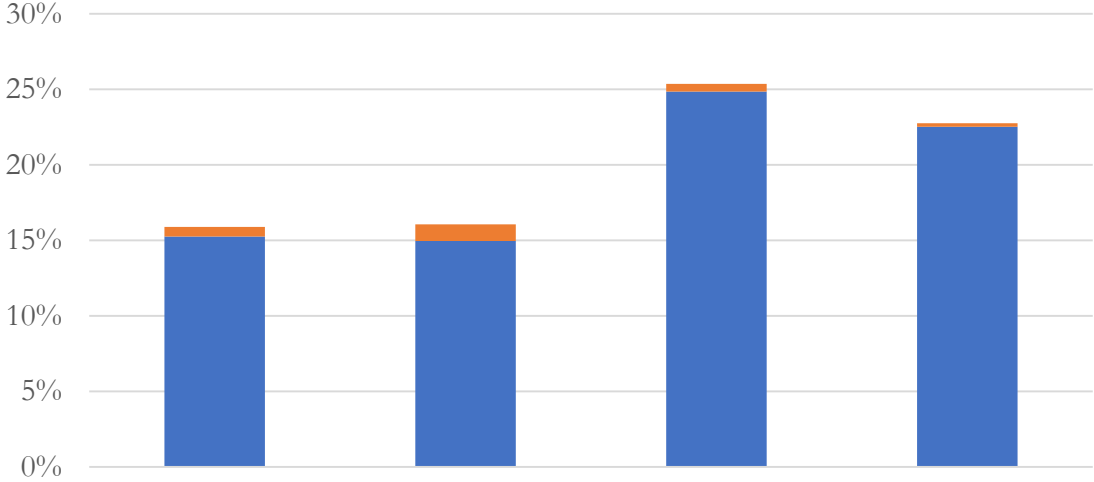
LAC broad sectoral exports to Asia, MVA

LAC broad sectoral exports to Asia, MVA

2000



2017

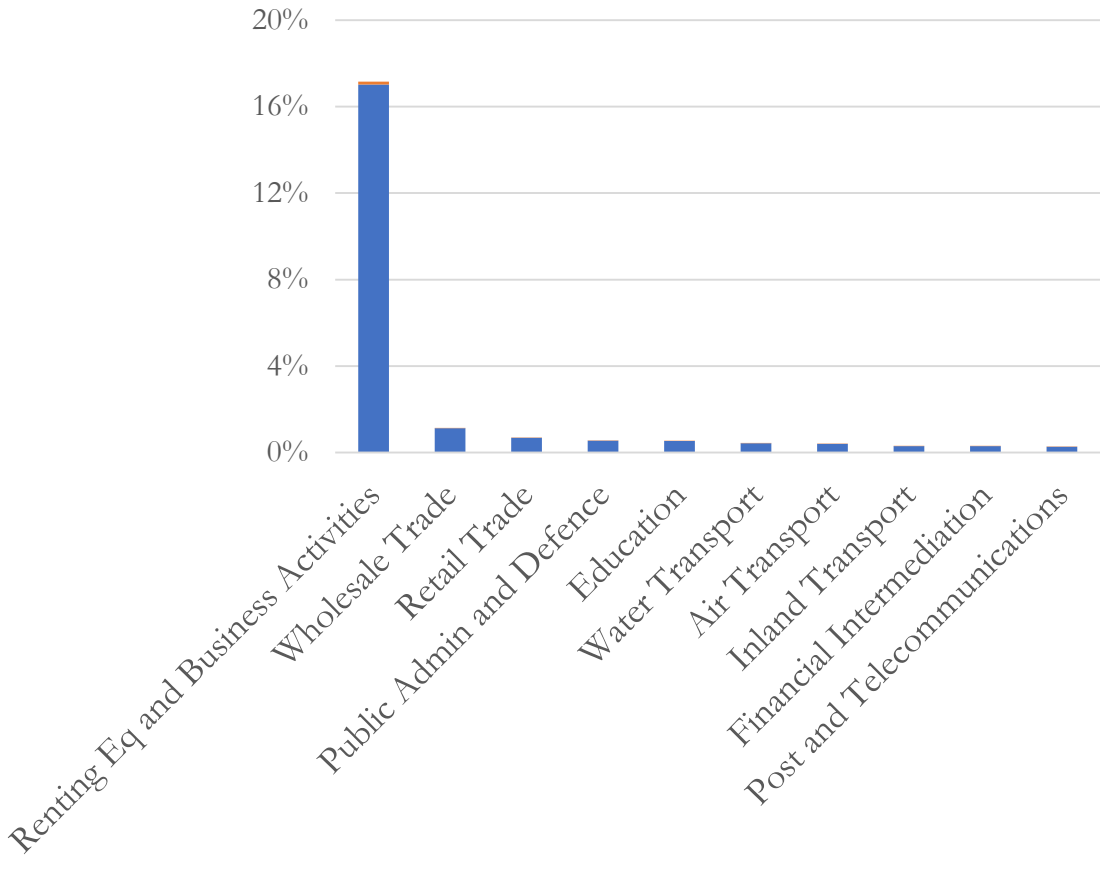
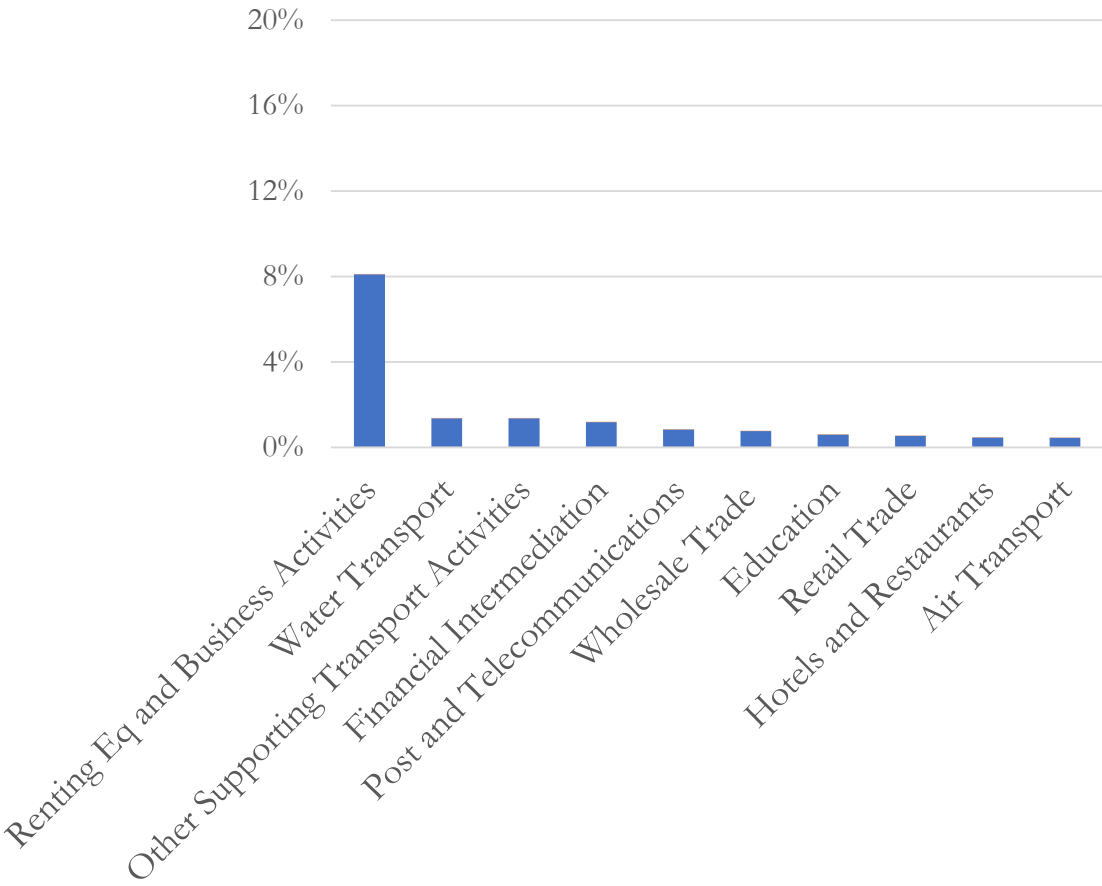


■ Forward participation ■ Backward participation

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The dominant and increasing roles of business services

LAC sectoral GVC participation with Asia in services (measured over total LAC service exports to Asia)
 2000 2017



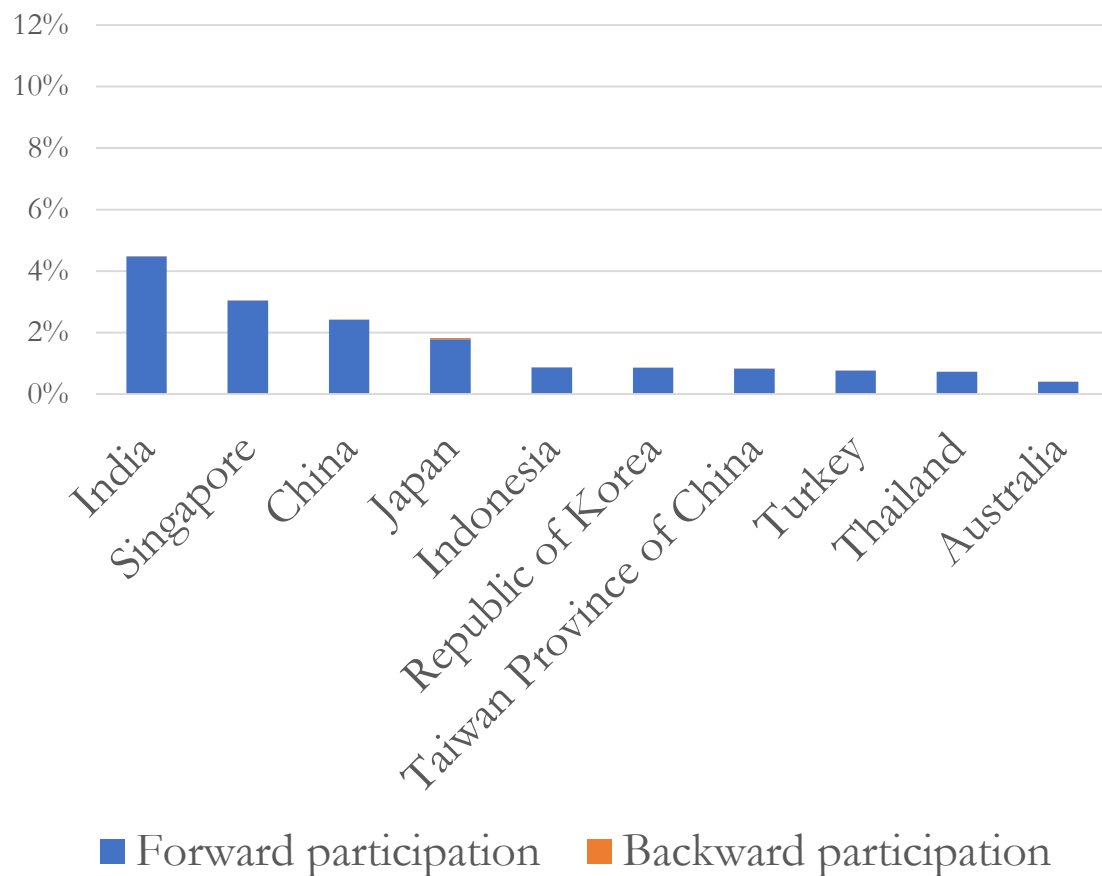
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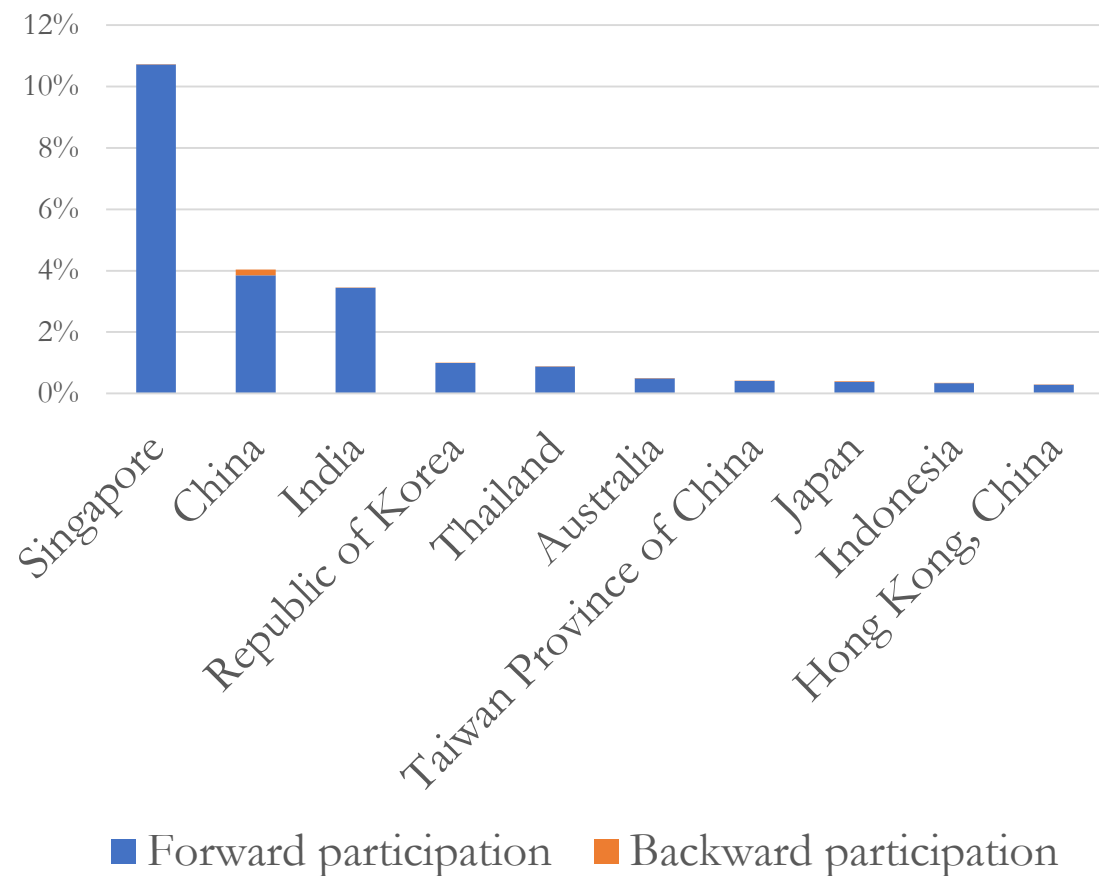
Destination of services exports from LAC

Asia receivers of GVC participation in services with LAC (measured over total LAC service exports to Asia)

2000



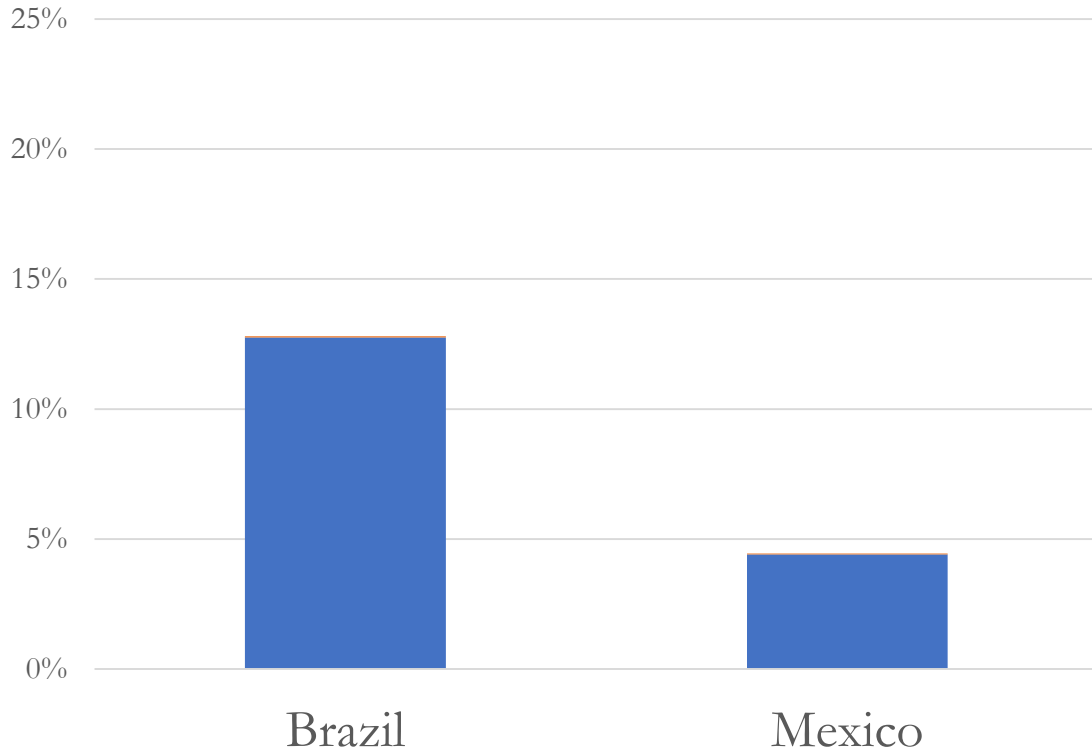
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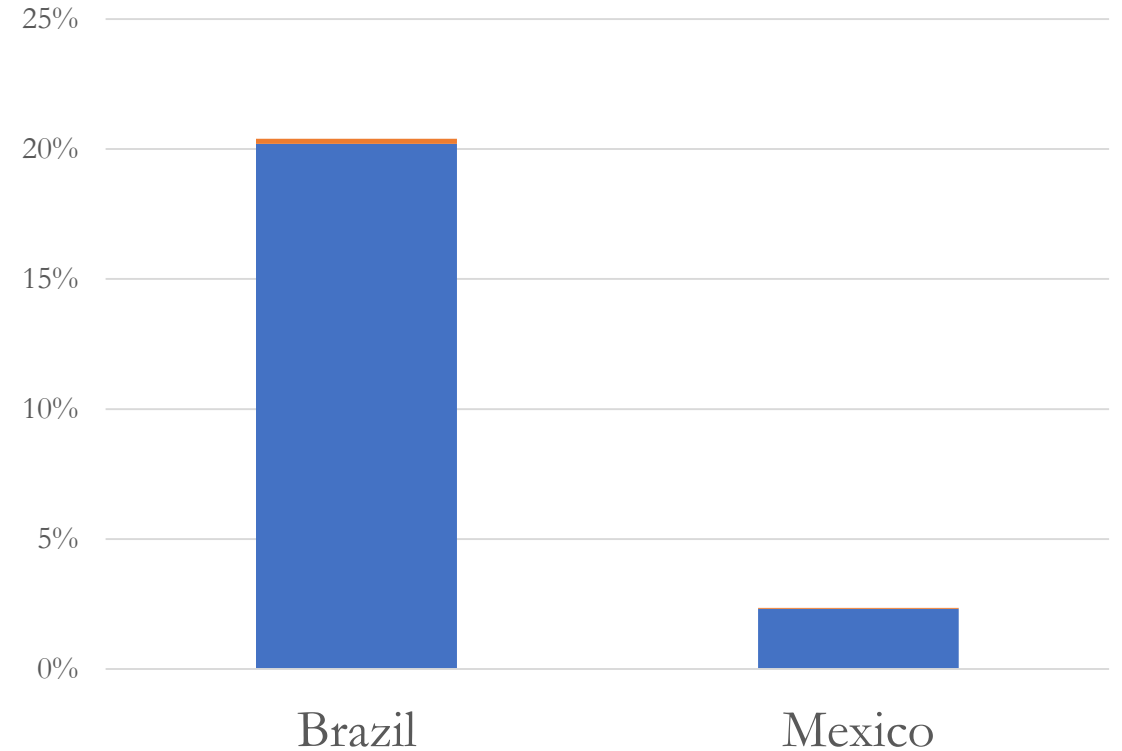
LAC sources of service exports to Asia GVCs

LAC country-wise GVC participation with Asia in services
(measured over total LAC service exports to Asia)

2000



2017

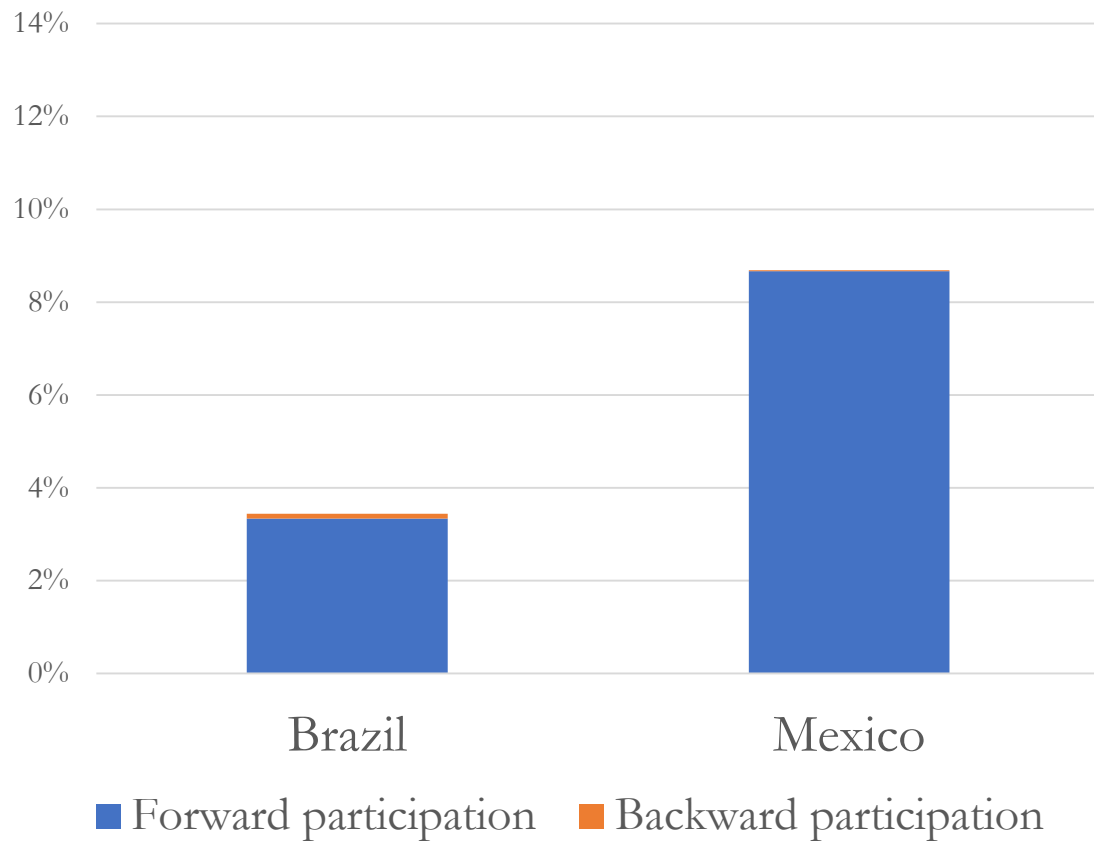


■ Forward participation ■ Backward participation

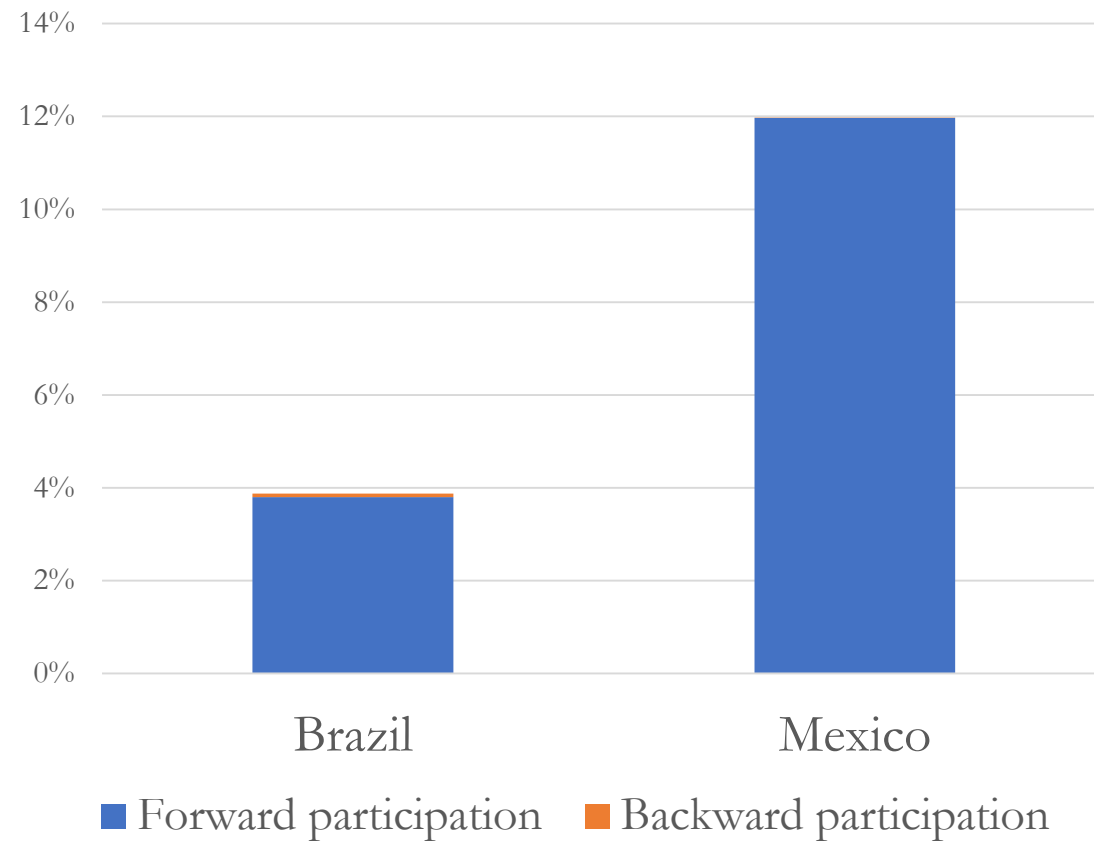
■ Forward participation ■ Backward participation

LAC destination of services exports from Asia GVCs

LAC receivers of GVC participation in services with Asia (measured over total Asia service exports to LAC)
2000

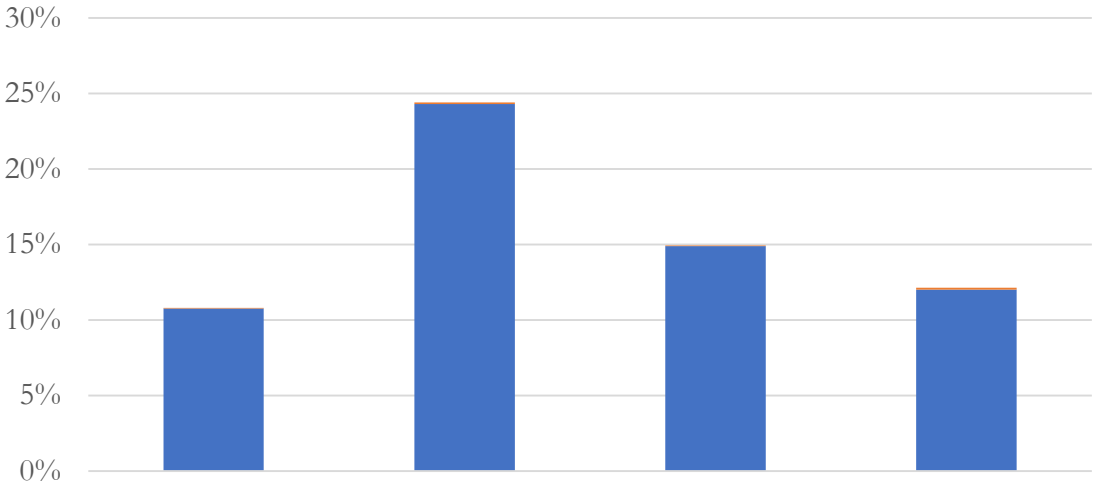


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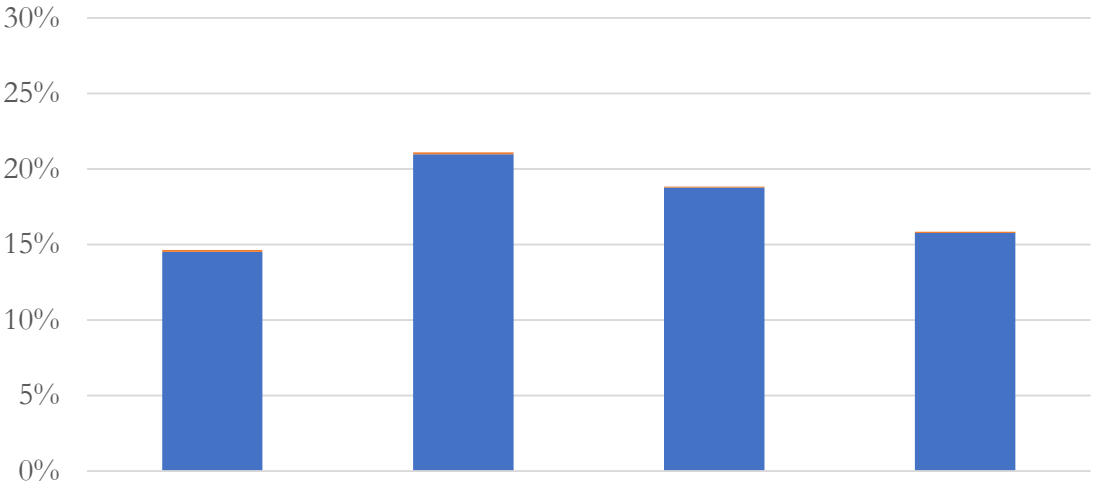


Asia broad sectoral exports to LAC, MVA

2000



2017



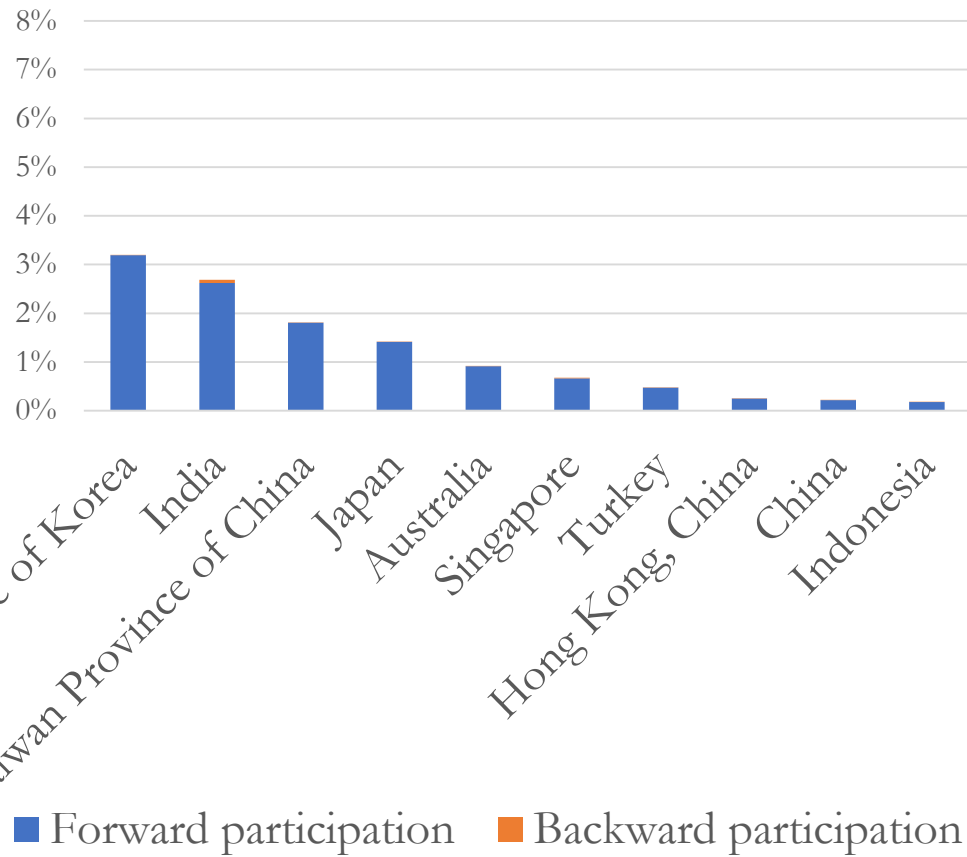
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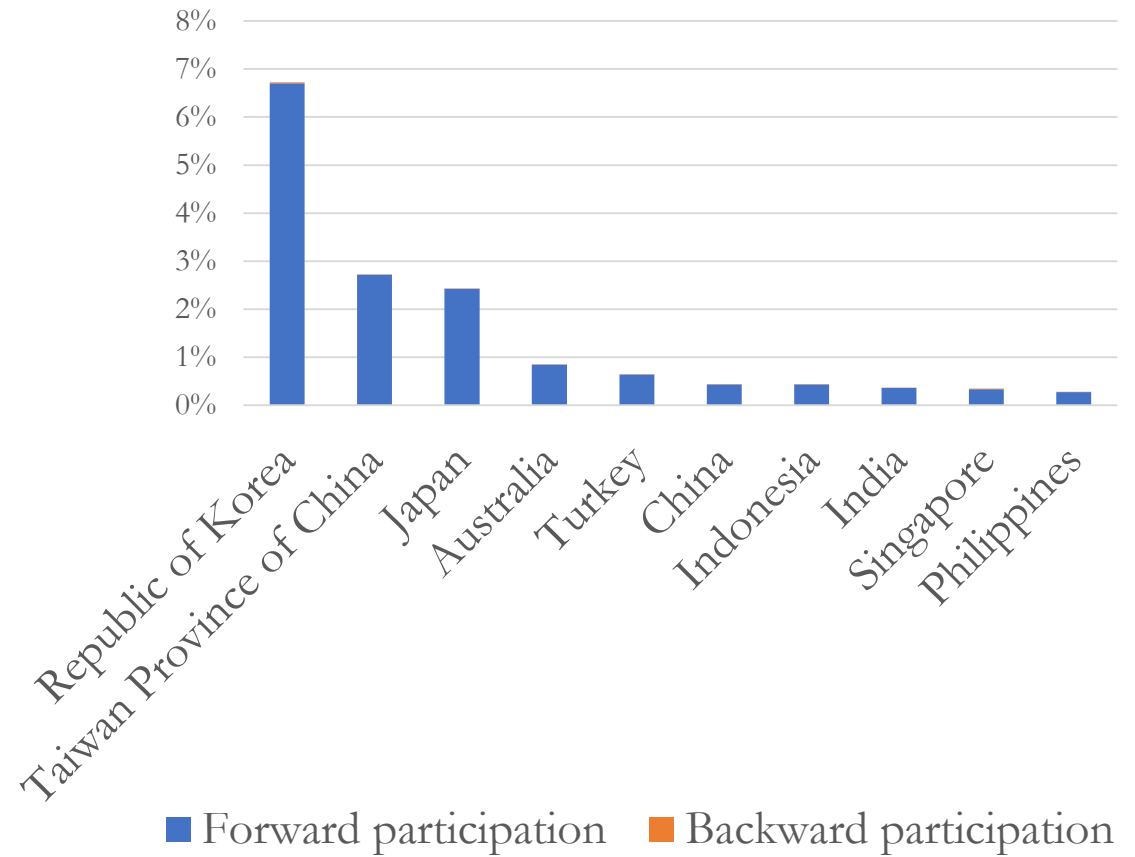
Sources of services exports from Asia GVCs to LAC

Asia country-wise GVC participation with LAC in services
(measured over Asia's total service exports to LAC)

2000



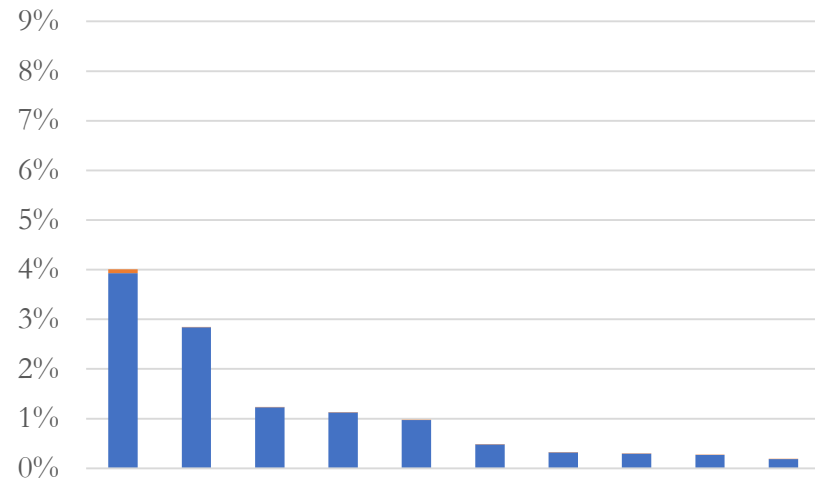
2017



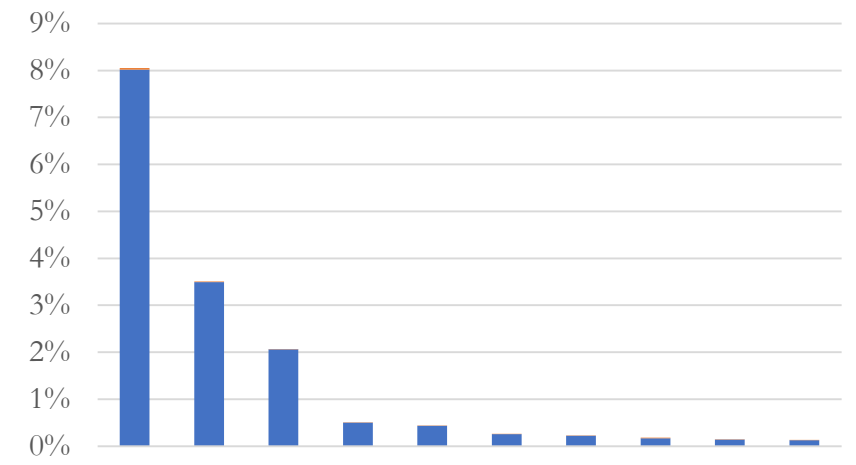
Business services and trade services dominated services exports from Asia GVCs to LAC

Asia sectoral GVC participation with LAC in services (measured over Asia's total service exports to LAC)

2000



2017



■ Forward participation ■ Backward participation

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Conclusions

- The strong comparative advantage of LAC in natural-resource based sector is not deniable.
- The disadvantages from distance can be addressed with proper transport, logistics infrastructure, trade facilitation, regulatory reform, and digital technology deployment
- The opportunity in services sector for the integration in FEALAC should be further explored.

Thank You