

At the territorial roots of global processes: the heterogeneous participation of regions in Global Value Chains

Topic: Regional Input-Output Economics - III

Author: Roberto Dellisanti

Co-Authors: Roberta Capello, Giovanni Perucca

During the past decades, an unprecedented wave of globalization caused the emergence of Global Value Chains (GVCs) and GVCs-related research. This stream of research mostly focused on the national dimension, provided relevant insights of the participation of national economies to the globally fragmented production processes. Despite this evidence, very little is known about the participation of regional economies to GVCs.

The poor evidence on the regional participation to GVCs is due to two elements, one conceptual and one empirical. On the one hand, the phenomenon has been conceptualized as driven by the comparative advantage of countries, in which the regional dimension had no role to play. On the other hand, data limitation has always represented a threat to regional studies that started to emerge only recently, when regional-level data on GVCs became available (Thissen et al., 2018).

The regional dimension, on the contrary, is an important aspect to analyse. The participation to a GVC by a country is not spatially homogeneous. It provides growth opportunities to regions at detriment to others, according to the way regions participate in the GVCs. For this reason, the paper is interested in going to the territorial roots of GVCs, identifying and mapping the different modes with which regions participate to GVCs and to highlight which local characteristics are associated to a more rewarding position in GVCs.

Based on regional matrices of trade in value added (Thissen et al., 2018), two indicators are built for 258 European regions. The first one measures the regional intensity of participation in GVCs, the second captures what regions gain in terms of local value added by such participation. Put together, four modes of participation to a GVCs emerge. Through a multinomial model, the major regional characteristics of competitiveness, economic specialization and urban/rural structure will be associated to each of the four modes. This evidence will shed light on the determinants of the positioning of European regions in GVC, capturing the value they are able to produce in global processes.

References

Thissen, M., Lankhuizen, M., van Oort, F., Los, B., & Diodato, D. (2018). EUREGIO: The construction of a global IO DATABASE with regional detail for Europe for 2000-2010 (No. 18-084/VI; Tinbergen Discussion Paper).