

## **Skills and Activity Upgrading in Global Value Chains: Trends and Drivers for Asia**

Topic: 716E Special session: SIC-OECD-IDE/JETRO Joint special sessions on Development, Employment and Inequality (2)

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This paper examines the macro-dynamics and drivers of upgrading by Asian countries in Global Value Chains (GVCs). We examine the main trends in skill and activity upgrading in GVCs using the newly constructed ADB Multi-Region Input Output Tables as well as occupation data on jobs by educational attainment and business activities, namely R&D; production; logistics, sales and marketing; administration and back-office; and headquarter. Our results suggest there is an ongoing specialization process in high-income Asian countries and in Developing Member Countries (DMCs) towards high-skilled and more knowledge-intensive activities. The pace of upgrading differs across Asian countries, being more rapid and encompassing in China in comparison to Bangladesh and India. We use a structural decomposition method to account for the drivers of the trends observed. In particular, technological change in global value chains that is biased towards skilled activities is important in accounting for the trends observed.