

ABSTRACT

REORGANIZATION AND DETERMINANTS OF COUNTRIES' PARTICIPATION IN GLOBAL VALUE CHAINS (GVC) IN THE PERIOD OF SLOWDOWN OF GLOBALIZATION PROCESSES

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In recent years, a slowdown in globalizing processes, known as "slowbalization" (Antràs, 2012), has been observed. International trade and countries' involvement in global value chains (GVC) have undergone significant changes. Various factors such as sufficient trade policy, technological development, foreign direct investments (FDIs), multinational corporations, institutional factors, and economic characteristics of countries determine the development of GVC. However, the direction and power of these determinants remain debatable.

The aim of this study was to examine the determinants of global value chain development in the global economy, taking into account existing developmental imbalances. The analysis covered developed countries, emerging markets, and developing countries. Dynamics of changes at the country and sector levels were analyzed, considering different measures of participation in GVC and the heterogeneity of economies. Furthermore, potential reorganization of value chains along with proposed scenarios for future development were examined, taking into account the global financial crisis, COVID-19 pandemic, and Russia's aggression in Ukraine.

Statistical methods were employed to illustrate the differences in participation of countries and sectors in global value chains. The study presented variations in domestic and foreign value added in exports as well as the position of countries in GVC, based on theoretical literature and empirical research. World Bank indices were compared with custom measures of country and sector positions in GVC to verify the results. Additionally, econometric modeling was conducted to analyze the impact of GVC development determinants on participation and country positions.

The results of the analysis indicate significant variations in participation of countries and sectors in global value chains between 2005 and 2021. Developed countries, emerging markets, and developing countries exhibit substantial differences in domestic and foreign value added, and the position of countries and sectors in GVC is subject to change. The influence of GVC development determinants on different types of participation in value chains also varies. The analysis clearly demonstrates high volatility in global value chains, leading to reorganization in the form of regionalization, reshoring, or diversification. Decision-makers at various levels have the opportunity to create favorable conditions to support global value chains in an uncertain environment.

Keywords: *global value chains, value added, international trade*