

Drivers of the Participation in Global Value Chains (GVCs): The role of the national transportation system in reducing transportation costs.

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Abstract ID: 176

Inviato: 31/03/2023

Evento: XXI Workshop Annuale SIEPI

Argomento: 7. Internazionalizzazione, competitività e catene globali del valore

Parole chiave: Transport infrastructure and logistics; Global Value Chains; Emerging and developed economies; Gravity model; Trade costs.

The geographic distance represents the main trade cost related to transportation by acting as a barrier to the integration of counties in global production networks. On the other hand, inefficient national transportation systems in emerging countries rise transportation costs, reduce attractiveness, and increase “remoteness” to GVCs participation. By investigating the determinants of backward and forward GVCs participation through a gravity model, our objective is to shed light on the role of the national transportation system. Information provided by the World Input-Output Database (WIOD) for the period 2000-2014 for 43 countries are used and combined with other data sources. Our empirical evidences support the hypothesis that trade in value-added is conditioned to different distance dimensions – geographic, economic, politic and cultural –. The results show, also, that the effect and magnitude of the determinants of GVC-related trade flows may differ based on the level of development of a country. Additionally, we provide theoretical arguments and empirical evidence that trade costs are partially moderated by reducing the negative effect of the geographic distance between trading partners through higher availability and quality of the national transportation system in the host country. This is especially true for forward integration of emerging economies.