

Transformation of the Global Value Chain and the Construction of a New International Economic Order

	Principal Investigator	Gakushuin University, Faculty of International Social Sciences, Professor
	ISHIKAWA Jota	Researcher Number : 80240761
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Purpose and Background of the Research

●Outline of the Research

Since the 1990s, the rapid development of information and communication technologies has reduced the costs of communication and trade, making it possible to connect the advanced technology of developed countries with the abundant labor force of developing countries, and the Global Value Chain (GVC) has been developed. The construction of the GVC has changed the nature of international division of labor, deepened the integration of the global economy, and promoted economic growth.

However, GVCs are currently facing various problems, and the crisis of globalization has arrived. For further growth of the world economy, It is essential to transform GVCs to accommodate these issues. Among these, (i)geopolitical tensions, (ii)rapid digitalization of economic and social systems, and (iii)decarbonization are having a serious impact on GVCs both economically and Politically, and although they require urgent responses, they are extremely Difficult issues to handle.

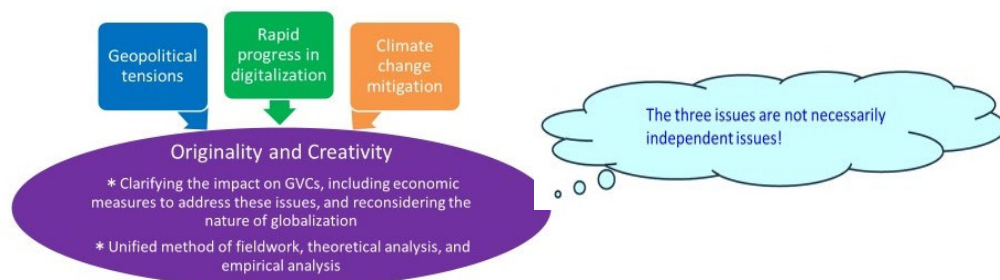


Figure 1. Academic Originality and Creativity

●Academic Originality and Creativity

The academic originality and creativity of this research is that it clarifies the impact of the above three most pressing economic and social issues on GVC, including their economic countermeasures, and considers the nature of globalization.

In addition to the common perspective of the impact on GVCs, this research project aims to achieve academic unity and uniqueness by conducting research based on a unified framework and method of "fieldwork," "theoretical analysis," and "empirical analysis."

Expected Research Achievements

This research sets questions for each of the three sub-themes and verifies the effectiveness of solutions based on the analysis results.

Although each of the three sub-themes are extremely important issues, they are interconnected in relation to GVCs. For example, as digitalization progresses, data is playing an important role in GVCs, but regulations surrounding data are causing geopolitical tensions. Furthermore, international policy coordination, which is essential for decarbonization, is influenced by geopolitical factors. Unless international collaboration progresses, the development of GVCs that support decarbonization will be delayed.

①Empirical understanding of GVCs under Geopolitical Tensions and Examination of International Trade Order

For example, we will quantify the extent to which export controls that are being tightened in the United States and Japan are dividing GVCs, and the extent of their economic effects, targeting Japan and Northeast Asian countries.

②Transformation of GVC and new rule building under digital economy

For example, we will examine the impact of the new international taxation rules agreed upon in 2021 on economies and GVCs, including tax havens. We will also clarify whether there is a minimum tax rate and digital taxation that enhances the economic welfare of the world as a whole, and to what extent the size of firms subject to the minimum tax rate should be set to maximize global welfare.

③Verification of greenhouse gas emission responsibility system associated with GVC development

For example, we will utilize the international input-output tables to understand the reality of greenhouse gas emissions in GVCs, paying particular attention to emissions from international transportation. Then, we will organize who are responsible for these emissions, or how they should be shared.

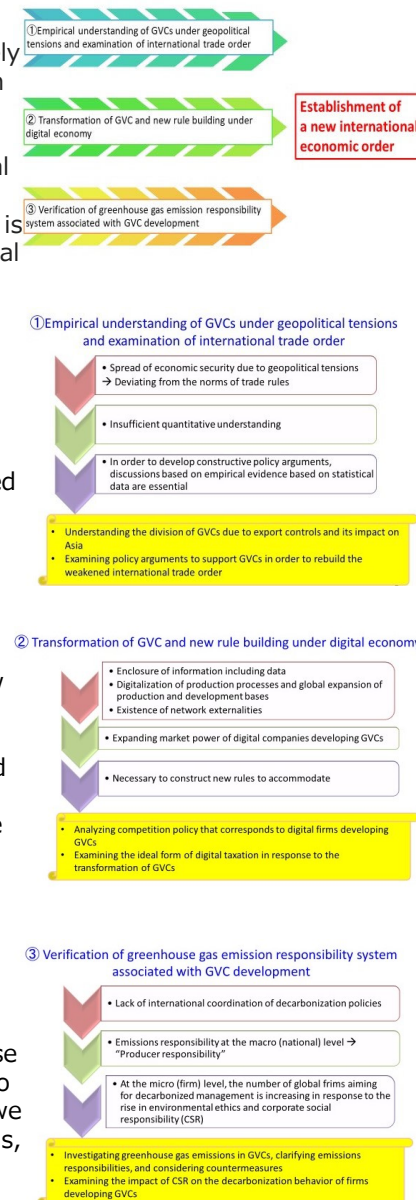


Figure 2. Three sub-themes