Tenth South Asia Economic Summit (SAES X)

Parallel Session on

HARNESSING THE POTENTIAL OF REGIONAL VALUE CHAINS FOR EMPLOYMENT GENERATION

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Presentation by

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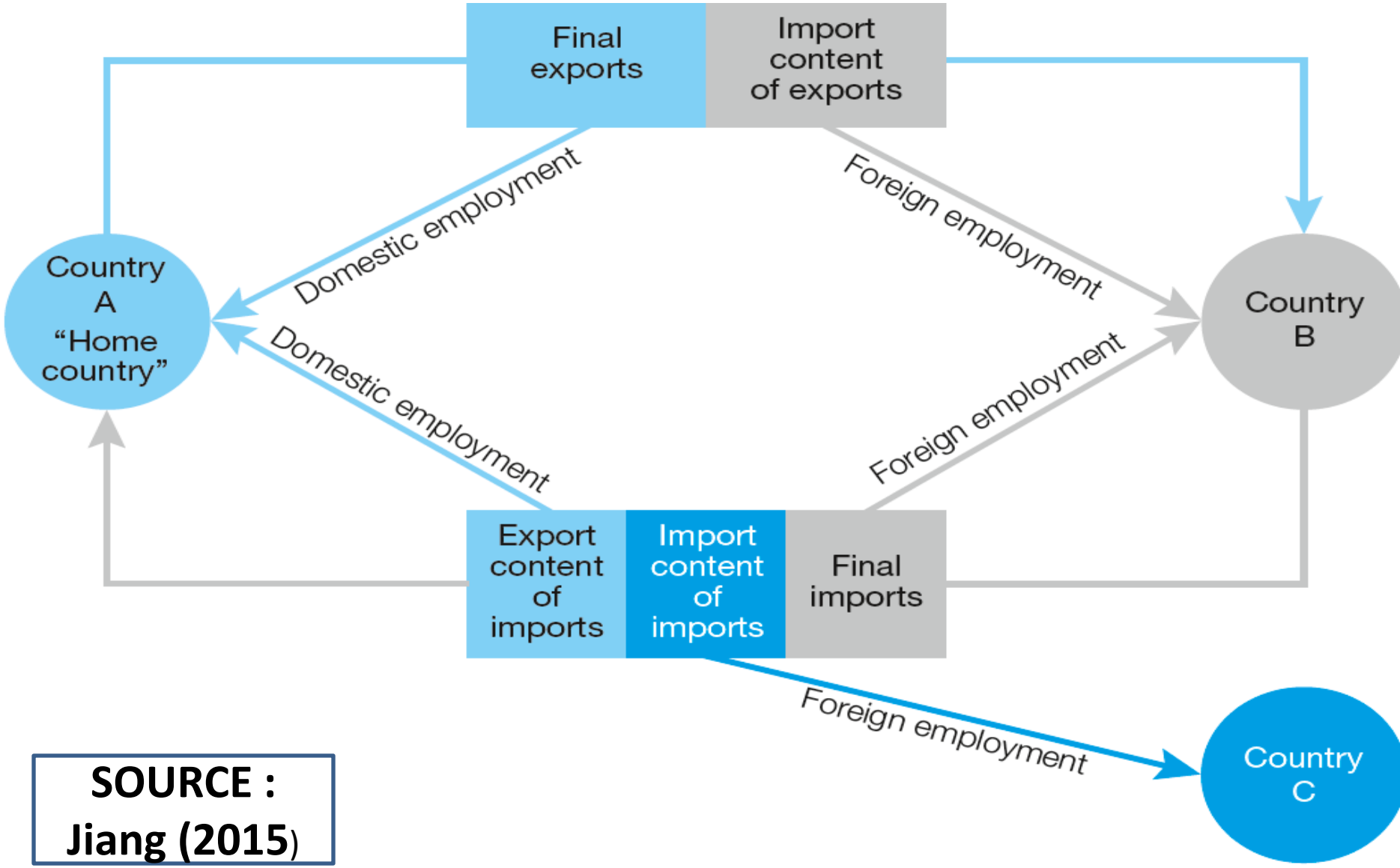
RVC / GVC & EMPLOYMENT CREATION

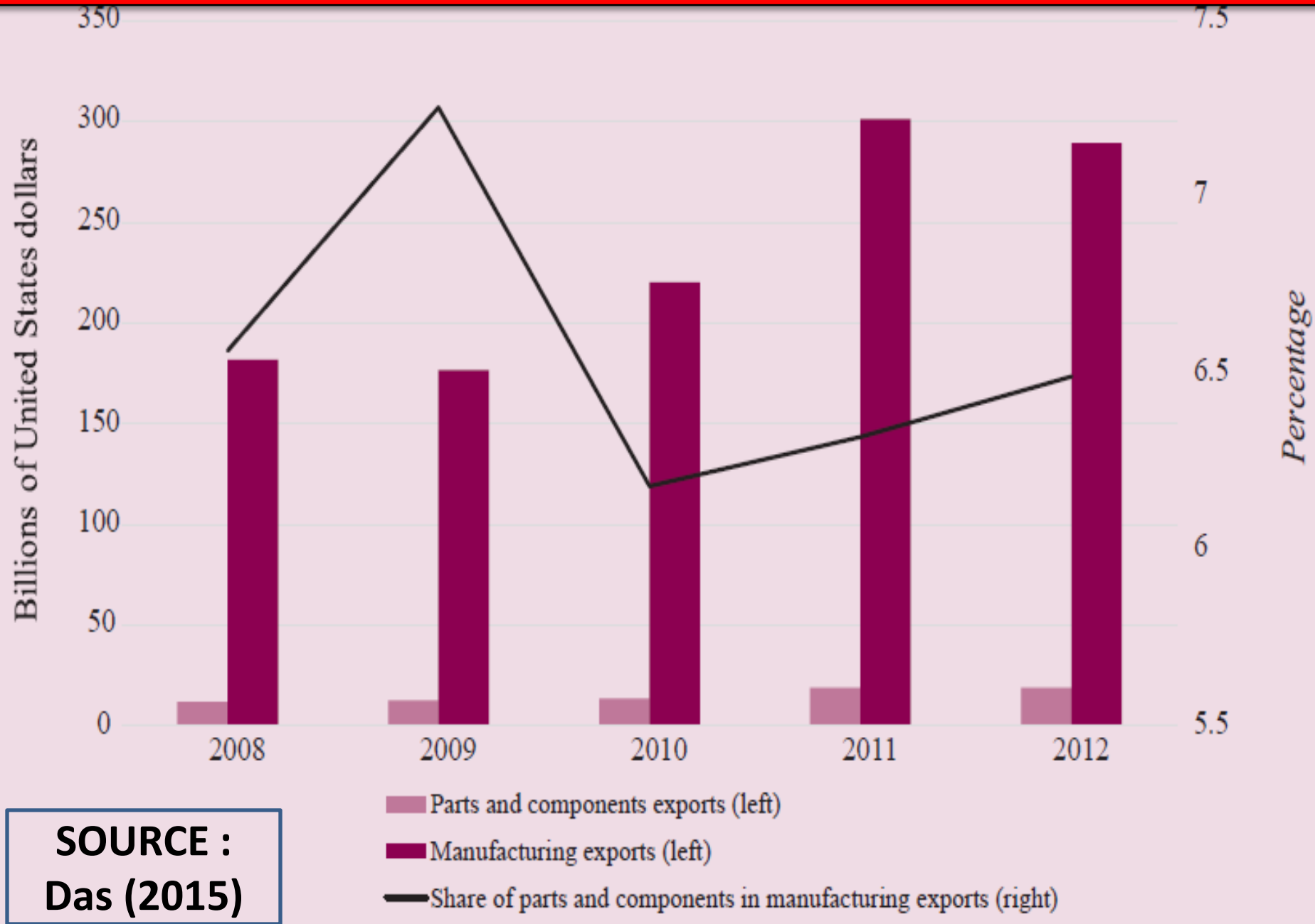
- Growing inter-dependence reflected in GVCs/ RVCs
- To what extent Value Chains may lead to greater industrial development and job creation ?
- VCs can benefit labour market through 3 main channels

EFFECTS OF TRADE ON EMPLOYMENT, WHEN THERE IS TRADE IN INTERMEDIATES



SOURCE : Jiang (2015)

INDIA'S EXPORT OF PARTS & COMPONENTS



SOURCE : Das (2015)

ILLUSTRATIVE AREAS FOR RVC IN SOUTH ASIA (1)

Food Processing Industry	
Stage I: Procurement of Raw materials	**India Pakistan Sri Lanka**
Stage II: Primary Processing	**India Nepal**
Stage III: Secondary Processing	**India Nepal**
Stage IV: Tertiary Processing	**Bangladesh , India**

Leather Industry	
Stage I: Dairy, draught and meat animals are sent to slaughterhouses	**Pakistan India**
Stage II: Hide Processing (Tanning and Finishing)	**Pakistan**
Stage III: After the leather is obtained than Other inputs such as design are added	**Nepal Sri Lanka**
Stage IV: Final output such as Footwear, Garments, Saddlery, Leather cloth are obtained	**Nepal Pakistan**

ILLUSTRATIVE AREAS FOR RVC IN SOUTH ASIA (2)

Chemicals including Pharmaceuticals	
Stage I:Basic Chemical Component (Organic, Inorganic)	**India**
Stage II: Formulation of the final pharmaceutical product	**India Nepal Pakistan**
Stage III: Formulation of the final Other Chemical Products (Chemical inputs for various industries)	**India**
Stage III: Formulation of the final Other Chemical Products (Domestic use toiletries, etc.)	**India**

SOURCE : Das (2015)

EXPERIENCE SO FAR

Apparels and Leather - *Two Stories in Contrast*

- **Apparels : positive trends**
- **Leather : far from encouraging – one of the least integrated sectors in the region**

Cement

- **Success Story : Lafarge-Surma Cement Factory in Sunamganj**

Agro and Food Processing

- **Agriculture provides employment to about 50% of the population in South Asia**

POTENTIAL INPUTS IN THE SUPPLY CHAIN OF FOOD PROCESSING INDUSTRY (FPI)

	No. of Identified Potential Inputs (which can be imported from region)	Average Total Value of Imports from World ($ '000)	Total Average Region Exports to World ($ '000)
Bangladesh	28	41,214	2,219,037
Bhutan	26	97	194,975
India	24	45,172	801,509
Maldives	20	5,449	405,103
Nepal	14	13,281	647,712
Pakistan	58	42,311	2,237,252
Sri Lanka	51	12,088	2,754,181
Total	221	159,612	9,259,769

Potential Products for Investment in the Region's FPI

	No. of Products Identified	Value of Global Exports ($ '000)	Value of Regional Imports from the World ($ '000)
Afghanistan	5	40,266	1,014,991
Bangladesh	40	42,290	1,151,621
Bhutan	10	14,156	452,567
India	72	301,496	1,020,673
Maldives	2	1,157	3,653
Nepal	32	72,993	1,464,858
Pakistan	67	147,257	1,944,835
Sri Lanka	60	165,172	1,522,437
Total	288	784,785	8,575,635

IN LIEU OF CONCLUSION ~~ FEW POINTS TO REFLECT

- **Are RVCs/GVCs always employment generating ??**
  - **Study by Karishma Banga (2016)**
  - **Timmer *et al* (2014)**

- **"Moving up the value chain" : any conflict likely between firms' interests and national development objective of job creation ??**

- **Risk of transmission of external shocks through Value Chains ??**

THANK YOU

Comments are most Welcome

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