

GVCs give developing countries opportunities – report

China's University of International Business and Economics released the Global Value Chain Development Report 2017 in Beijing on Monday, identifying GVCs as providing new opportunities for developing countries.

“The Global Value Chain Development Report 2017: Measuring and Analyzing the Impact of GVCs on Economic Development” is released by the University of International Business and Economics in Beijing, July 10, 2017.

[Photo/China.org.cn]

“Global Value Chain Development Report 2017: Measuring and Analyzing the Impact of GVCs on Economic Development” is co-published by the World Bank Group, World Trade Organization (WTO), Organization for Economic Cooperation and Development (OECD), the Japan's Institute of Developing Economies (IDE-JETRO) and the Research Center of Global Value Chains of the University of International Business and Economics (UIBE), providing comprehensive analysis of the global economy. Social Sciences Academic Press (China) will translate and publish a Chinese edition.

Global value chains (GVCs), breaking up production processes so that different steps can be carried out in different countries, have transformed world trade. The report says GVCs create new opportunities for developing countries, increasing their participation in global markets and enabling them to diversify exports.

Without them, a developing country would have to be able to produce a complete product in order to expand into a new line of business. While GVCs have helped many developing countries advance, the benefits are not even.

Witnessing the potential benefits, stakeholders in developing countries typically want to see their country more involved in value chains and moving to higher value-added activities over time. However, only a few developing economies, most notably China, are deeply involved in this approach.

The report released on Monday examines ways in which developing countries can deepen their involvement in GVCs and move up the value chain.

It suggests the key to expanding the concept lies in cutting trade costs. Although they have declined over the past decades, non-tariff trade costs related to infrastructure, transportation, and uncertainty remain a barrier to wider GVC participation. In some complex value chains, such as motor vehicles, computers or machinery, non-tariff trade costs are more than four times higher than tariffs.

Participating in deep trade and investment agreements can advance this agenda, and these will be most powerful if they encompass several neighboring countries. Preferential trade agreements are increasing in number and

deepening in content, surging from 50 in 1990 to 279 in 2015. However, further growth depends on preservation of an open trading system.

Small firms and the informal sector also need to be included. Poor infrastructure, corruption, and red tape tend to hamstring smaller companies more than larger ones as the latter can often finance their own infrastructure and finds ways to operate in a complex environment. Much of job creation in the world is through small and medium-size firms and their involvement in GVCs is crucial for maximizing the positive impact from trade.

The report also says China provides some interesting lessons. It is known for having started its process of economic reform by establishing four special economic zones fitting the model of export processing zones, with favorable infrastructure and customs clearance.

What is less known is that, within a short time, China had expanded these benefits to more than other 30 cities nationwide. Competition then enabled quite a few to emerge as locations with low trade costs and deepened participation in GVCs.

Research into trade added value shows private domestic firms are biggest contributors. Foreign firms are often processing exporters from China, but the successful expansion of value chains to domestic firms within the country resulted in most of the added value coming from the domestic private sector, the report states.

It also finds that proximity to the world's three major production hubs – the United States, Asia, and Europe – is highly important. It also matters who a country's trading partners are, how far the country is from high-income markets, and the degree to which partners are integrated within regional global value chains.

“How economies are linked, specialize, and grow (or not) is captured in the way global value chains (GVCs) are put together,” Michael Spence, Nobel Laureate in Economics, wrote in a foreword to the report. “This report is a huge contribution to our deepening understanding of what the global economy really means and how it is changing.”

Professor Zhao Zhongxiu, vice president of the University of International Business and Economics, hosted the launch event in Beijing on Monday, declaring the report was a very significant flagship achievement for the university's GVC research center.

Liu Shijin, former vice president of Development Research Center of the State Council and vice-chairman of China Development Research Foundation, said in his address that, in the new international situation, China should speed up the fundamental transformation in its economic growth mode, elevate comprehensively its industrial competitiveness, and accelerate the advance to the medium and even high end of global value chains.

China sets up base in Djibouti



Ships carrying Chinese military personnel depart Zhanjiang, south China's Guangdong Province, July 11, 2017. They are to set up a support base in Djibouti. The establishment of the People's Liberation Army Djibouti base was a decision made by the two countries after friendly negotiations, and accords with the common interest of the people from both sides, according to the PLA navy. (Xinhua/Wu Dengfeng)

Ships carrying Chinese military personnel departed Zhanjiang in southern China's Guangdong Province on Tuesday to set up a support base in Djibouti.

Shen Jinlong, commander of the People's Liberation Army (PLA) Navy, read an order on constructing the base in Djibouti, and conferred military flag on the fleets.

The establishment of the PLA Djibouti base was a decision made by the two countries after friendly negotiations, and accords with the common interest of the people from both sides, according to the PLA navy.

The base will ensure China's performance of missions, such as escorting, peace-keeping and humanitarian aid in Africa and west Asia.

The base will also be conducive to overseas tasks including military cooperation, joint exercises, evacuating and protecting overseas Chinese and emergency rescue, as well as jointly maintaining security of international strategic seaways.

Arctic sea ice cover to be second-lowest recorded

Arctic sea ice cover is set to reach to the second-lowest extent since satellite observations began in 1979, according to scientists from Chinese Academy of Sciences (CAS).

“Based on an Arctic sea prediction system developed by our research team, the ice cover is expected to shrink to 4.1 million square kilometers in September, 2017,” said Liu Jiping from the Institute of Atmospheric Physics of CAS.

In general, the Arctic sea ice reaches its minimum extent in September each year, and global climate change has brought significant changes to the sea ice cover, with nearly 50 percent of losses since 1979, according to Liu.

The Arctic sea ice cover shrank to 3.41 million square kilometers in September, 2012, the lowest summer minimum in history, according to the World Meteorological Organization.

Scientists from the CAS said that the shrinking will make it possible for vessels to sail along the Arctic’s Northeast Passage, a path across the top of Siberia, Russia.

Liu said that the loss of the Arctic sea ice in autumn and winter will affect atmospheric circulation, and that the north part of China may suffer from worse air quality.

“The prediction of the growing and melting seasons of the Arctic sea ice will also be helpful in analyzing the extreme weather events in winter,” said Liu.

‘Coast chiefs’ to fight pollution, illegal fishing

A coastal Chinese province is to appoint coast chiefs to fight pollution and illegal fishing.

Zhejiang provincial government said Tuesday that the arrangement will take effect on August 7 and by the end of this year all coasts in Zhejiang should have their chiefs.

Coast chiefs will be responsible for supervising waste discharged into the sea, illegal fishing gear, unlicensed fishing boats, illegal use of coasts, illegal ship building, repairing and recycling, the government said in a circular.

Zhejiang has a coastline of more than 6,600 kilometers, the longest of any Chinese province.

The coast chief practice is regarded as an extension of river chiefs, which are being rolled out across the country after a successful trial in Jiangsu Province.

The responsibilities of river chiefs include water resource protection, pollution prevention and control, and ecological restoration. Their performance is assessed and they will be held accountable for environmental damage in the bodies of water they oversee.

Zhejiang tested the practice in 2008 and expanded it across the whole province in 2013 and there are now 61,000 river chiefs there.

[Once-threatened marmots threaten shepherd life in NW China](#)

Bobak marmots, a once threatened species, is posing threats to herder's livelihood in northwest China's Pamir Plateau, as the rodents prosper under local conservation efforts.



Photo taken on July 21, 2014 shows a bobak marmot running on northwest China's Pamir Plateau. [Photo/Chinanews.com]

The small fluffy animals mainly feed on grass and have been destroying grassland and affecting herding in Aketao County, Xinjiang Uygur Autonomous Region, according to local herders.

"They look cute, but they are especially vexing to us in winter," says herdsman Tajidin Ghupur. The rodents eat grass roots and collect plants in their burrows to keep out the cold.

"My cattle and sheep eat only leaves of the grass, which will grow again. But the marmots root out the grass," he says. "As long as they are here, there will be no food left for my flock."

It is destructive to grassland, says Muhttar, head of grassland conservation center of Aketao County. Local conservation authorities estimate that a bobak marmot can ruin four to five square meters of grassland a year, which can take years to recover.

Bobak marmots inhabit the steppes of Eastern Europe and Central Asia. In China, habitats of the species include the Tianshan Mountains and the Altai Mountains in Xinjiang.

The population of wild bobak marmots declined severely in the 1980s and the 1990s as they were hunted by locals to protect the grassland. Herders were rewarded five to ten yuan (0.73 to 1.47 U.S. dollars) for hunting a marmot. Herders also sold their fur at a high price as it can be used to make hats and coats.

The species was assessed as "lower risk/conservation dependent" by the International Union for Conservation of Nature (IUCN) in 1996.

As the Chinese government intensified its wildlife conservation efforts, hunting wild marmots was prohibited.

"The marmot population grows at 20 to 30 percent annually in Aketao," says Muhttar.

The species was upgraded to the "least concern" category by IUCN in 2008 as its number rose and become stable.

"Today, the rodents can be seen everywhere on the grassland, and some bold ones even burrow a mere 20 meters away from the herders' yurts," says Tajidin. "Not afraid of humans any more, they dare to play outside in the sun when it gets warm.

"We don't know what to do. Hunting them is illegal now. But if we don't get rid of them, they will mess up our grassland and our flocks won't survive."