

# EXPLORING IMPACTS OF GLOBAL VALUE CHAINS ON MIGRATION GEOGRAPHY

**Shomurodov Tokhir Boymurod ugli**  
**Senior lecturer of “Fundamental economics” department, Economics faculty,**  
**Tashkent state university of economics**

## **Abstract**

Global value chains (GVCs) refer to the international fragmentation of production systems that allow for the efficient use of resources and the extraction of value from different parts of the world. Over the past few decades, the rapid expansion of these chains has been facilitated by globalization, which has made it easier for businesses to find new suppliers and customers in different regions of the world. This has led to a remarkable increase in the number of migrants who are traveling from one part of the world to another in search of work, and it has had a significant impact on the labor force and socio-economic development of nations.

**Keywords:** Global value chains, migration, global economy, low-paid jobs

## **Introduction**

Globalization has led to an increase in the interconnectedness of economies through trade and investment linkages. This has resulted in the emergence of Global Value Chains (GVCs), which are production networks that involve multiple countries and firms working together to produce goods and services (Kuznetsov et al., 2022). The importance of GVCs has grown rapidly over the past few decades, as many countries strive to integrate into the global economy and increase their competitiveness.

At the same time, migration has also become a significant feature of globalization. Technological advancements in transportation and communication have made it easier for people to move across borders in search of better economic

opportunities or due to social, political, or environmental factors. As a result, migration has increasingly become an important driver of economic development and growth (Abel & Cohen, 2019).

This paper seeks to explore the nexus between GVCs and migration by examining how these two phenomena are related and what implications they may have on each other. Specifically, we will investigate how GVCs shape patterns of migration by creating job opportunities in different parts of the world while also providing insights into how migration can impact GVC participation through effects on labor costs, productivity levels, skills availability among others. In addition to this review of literature concerning GVCs' relationship with international labour mobility patterns (including both skilled workers like engineers or executives firms need for manage technical production processes-‘high-skill’ migrating groups affects (Zatonatska et al., 2020); along with ‘low-skill’ migrating group’s impacts such as low-paid employees involved) affecting movement within industries themselves), our discussion will extend beyond these considerations towards possible spill-over.

### **Literature review**

Global value chains (GVCs) are a fundamental aspect of globalization and have brought immense success to companies and countries alike. GVCs refer to the interconnection of manufacturing, processing, and services that are required to create a product, starting from the initial stages to the final stages of production. GVCs have transformed the way companies operate, allowing them to source raw materials and intermediate goods from different countries, thus optimizing their supply chain (WB. Global Value Chain Development Report: 2019), (Menon & Shah, 2019).

Migration, on the other hand, has become a defining feature of the global economy, with migrants transcending national boundaries in search of better economic prospects, higher wages, and a better standard of living. The potential synergies between GVCs and migration are significant, since an increase in the number of migrants can create new opportunities for workers within the supply chains, thereby enhancing economic growth and diversification (García-Alaminos et al., 2020), (Chellapandi, 2021).

Various scholars have explored the relationship between GVCs and migration, in terms of the impact that migration has on the value chain strategies and operations of companies. Some of the research has focused on how migrant workers are used as an integral part of the value chain, often operating in low-skilled and low-paid jobs, such as manufacturing or processing. The presence of these workers can help reduce labour costs for companies and has been viewed as a competitive advantage in global markets (Migrant worker numbers rise by five million: ILO | UN News, n.d), (MIGRATION: The Economic Benefits of Immigration, n.d), (Huang, 2017), (Casi, 2022).

Other scholars have investigated how GVCs can affect migration patterns, with some arguing that GVCs can help reduce the pressures of migration by creating employment opportunities in developing countries. In contrast, some scholars argue that GVCs can exploit migrant workers, by hiring them on a contractual basis with no specific job security, leading to a precarious working environment (Farago et al., 2020), (Nagar & Hurd, 2020).

Overall, the literature on GVCs and migration highlights the importance of developing policies that protect migrant workers' rights and provide fair labour practices within the value chain (Li et al., 2020), (Shi, 2020), (Fu & Xiao, 2022).

Doing so could help maximize opportunities and minimize inequalities, while promoting sustainable economic growth.

### **Methodology**

There is a growing interest in the intersection between GVCs and migration, particularly in understanding the impact of GVCs on labor migration and the role that migration plays in shaping GVCs. The methodology used to study this intersection could include conducting surveys or interviews with migrant workers and conducting case studies of specific industries or GVCs.

Overall, studying the intersection between GVCs and migration requires an interdisciplinary approach that draws on insights from economics, sociology, political science, and other social sciences, along with rigorous research methodology.

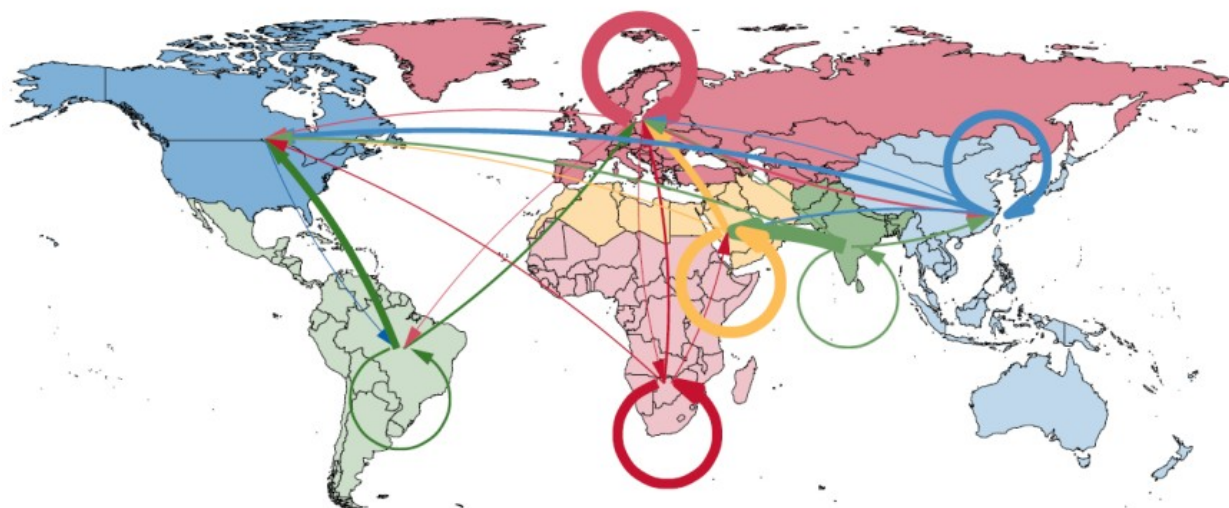
### **Results and discussions**

It is helpful to begin by situating the discussion within a few key details regarding global migration and its development over the past 30 years. Since 1990, the total number of migrants as a share of the world's population has been fairly stable at around 3%. While migration from Africa and the Middle East to Europe and North America has received a lot of attention in the media and among politicians in recent years, the majority of migration worldwide is actually intra-regional (Figure 1). There are significant regional migration hubs emerging in Asia (Hong Kong, Singapore), the Middle East (GCC countries), Africa (Cote d'Ivoire, South Africa), and the European Union.

According to the IMF WEO 2020, the proportion of migrants from developing to advanced economies has increased from 4 to 9 percent over the past 30 years, which has sparked intense social and political reactions and drawn more attention to the issue in the majority of advanced countries.

The majority of the increased migration from developing to advanced economies can be classified as "economic migration," meaning it is motivated by people looking for better economic opportunities. This is an additional crucial fact. While the number of migrants has increased as a result of wars, natural disasters, and political unrest, the majority of them are within developing nations or between them. As a result, the majority of this essay's discussion focuses on economic migration, though occasionally we'll mention the unique situation of refugees and how their effects may differ from those of economic migrants.

Figure 1. Migration Flows between 2010 and 2020



Source: IMF (2020)

Note: Migrants are defined as the foreign-born population in a destination region. Migration flows larger than 200,000 people between 2010 and 2020. The width of flows is proportional to the number of migrants.

### Figure-1. Migration Flows between 2010 and 2020

The expansion of GVCs has had a profound impact on global migration patterns. According to the International Labour Organization (ILO), around 150 million people worldwide are employed in jobs that are part of GVCs. These people work in a wide range of industries, including clothing, electronics, and food production, and they often move from one country to another to find work.

The increasing demand for labor in GVCs has led to changes in migration patterns. In the past, migrants often traveled from less developed countries to more developed ones in search of work (Aceituno-Aceituno et al., 2017). However, today, there is a growing trend of migration within countries or regions, as people move from rural areas to cities, or from countries where jobs are scarce to those where they are abundant (Miljkovic et al., 2021).

The role of GVCs in this trend is significant. Many multinational companies set up factories in developing countries to take advantage of the lower labor costs and to tap into new markets. This has led to the creation of new jobs in places where they were previously scarce, and it has attracted many people to migrate to these regions for work (Determinants of Participation in Manufacturing GVCs in Africa : The ..., n.d).

### **Impact of GVCs on the Labor Force**

The expansion of GVCs has had a significant impact on the labor force. One of the most obvious effects is the creation of new job opportunities in developing countries. Workers who were previously unemployed or underemployed now have access to stable jobs with regular salaries (Labour market effects and GVCs - ESCAP, n.d).

However, working conditions in GVCs can be difficult, and many workers are subjected to long hours, low wages, and poor working conditions. This has led to concerns about labor exploitation and human rights violations in many regions that are part of GVCs (Lialina, 2019). Furthermore, the increasing demand for labor in these chains has also had an impact on local labor markets. For example, the entry of multinational corporations into developing countries has often led to the displacement of small businesses and

disrupted traditional supply chains, which could have long-term economic and social impacts on the affected communities.

### **Impact of Migration on GVCs**

The migration of workers is an essential factor in the functioning of GVCs. The movement of people across borders allows firms to access new pools of labor or to meet the demands of customers in different regions of the world. This movement is often facilitated by multinational corporations, which may recruit workers from different countries, provide them with training, and relocate them to different parts of the world (Piraquive et al., 2022).

However, the mobility of workers also poses significant challenges for GVCs. For example, a lack of coordination between different agencies and governments can lead to significant delays and extra costs in transporting workers across borders (Gereffi & Luo, 2015). In addition, the movement of people can be disrupted by political instability or natural disasters, which can create significant logistical challenges for global production chains.

### **Conclusion**

In conclusion, the expansion of global value chains has had a significant impact on the migration patterns of people around the world. On the one hand, it has created new job opportunities in developing countries, which has attracted many people to migrate in search of work. On the other hand, it has also led to concerns about labor exploitation and the displacement of local businesses. Furthermore, the movement of workers across borders is an essential factor in the functioning of GVCs, but it also poses significant challenges for logistics and coordination. As GVCs continue to expand in the coming decades, it will be critical to manage these challenges effectively to ensure that they contribute to sustainable development and social welfare around the world.

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