

Global Production Sharing and Export Expansion: Emerging Opportunities and the Indian Experience

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Abstract

Cross-border dispersion of different stages/slices of the production processes within vertically integrated global industries (global production sharing) has been a key structural change in the global economy over the past three decades. This presentation deals with opportunities created by this phenomenon for developing countries for global economic integration through export expansion and India's experience with exploiting these opportunities from a comparative East Asian perspective. The analysis reveals that India has so far failed fitting into global production networks in electronics and electrical goods, which have been the prime movers of export dynamism in China and the other high-performing East Asian countries. Further reforms to improve the overall investment climate is even more important for reaping gains from this new form of international exchange compared to the standard labour intensive exports. There is also a strong case for combining further reforms with a proactive investment promotion campaign to attract multinational enterprises (MNEs) engaged in global production networks.