

EMPLOYMENT AND INCOME-RELATED EFFECTS OF GLOBAL VALUE CHAINS IN AUTOMOTIVE INDUSTRY DURING COVID-19 PANDEMICS

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Abstract:

One of the most important developments determining the trade and investment dynamics of the 21st century is the emergence of global value chains (GVC) by which a significant part of global production is carried out. As a result of this process, firms' channels of producing and distributing goods and services changed significantly, and each production stage began to be carried out in various countries tied to each other through a chain. The position of the country in GVCs affects its income generated from global production and its employment structure. However, this new setting was hit by the COVID-19 pandemic which obliged the governments to take extraordinary measures in response to the health crisis created by the COVID-19 pandemic. Lockdowns in China, which has a crucial role in GVCs caused serious breaks in these chains, bringing the production and distribution processes to a halt in many countries. While the disruptive effects of the pandemic on GVCs have been realized in all countries connected to each other through global chains, these effects appear to be more severe particularly in developing countries which are more dependent on these networks in terms of production, employment and income. In this study, during the COVID-19 pandemic, the effects of break of the chains in the automotive industry on income and employment in developing countries within these chains are examined running the time fixed-effect panel regression models.

Keywords: global value chains, automotive industry, COVID-19

JEL Codes: F15, F62, F69