

The role of the state in global value chains upgrade in the emerging markets countries (cases of India and China)

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For three decades the world has witnessed the active development of international fragmentation of production processes in the format of global value chains (GVCs). Nowadays, GVCs are a key element of economic activity both at the global and national levels. This paper examines the role of the state in the creation and transformation of GVCs in the extractive industries. GVC is understood as the sequence of all stages of activity in the chain of production of the final product. GVC includes the following elements: technological chain, organizational structure and management system, amount of added value at each stage of production and external supporting environment (Frederick, 2019; Smorodinskaya et al., 2021; Goosen et al., 2023).

Up-to-date studies recognize the fact that states play an important role in GVC creation and maintaining stability despite their global nature. This is especially evident in the countries with emerging markets. The role of the state as a regulator of GVCs in manufacturing industries is the most studied in the scientific literature. Researchers recognize that although GVCs are understood as a set of connections between various firms involved in the production of goods and services, they do not operate in an institutional vacuum (Horner, Alford, 2019).

The purpose of the paper is to identify current trends in the transformation of GVCs in the extractive industries, and to identify the role of states in increasing their resilience. The GVCs that have developed in the extractive industries of India and China are selected as the object of analysis. The choice of countries is dictated by the fact that in contemporary conditions it is their GVCs that determine the structure and directions of change in GVCs on a global scale.

The paper has the following structure. The first part provides an overview of up-to-day approaches to studying the role of the state in the creation and management of GVCs. The second part highlights typical GVCs that have developed in the extractive industries, it shows their features, sources of instability and risks, as well as directions for transformation. Specific forms of state participation in the management of GVCs are presented separately. Significant attention is paid to regional and local aspects due to the fact that in contemporary conditions the localization of resource manufacturing processes plays an increasingly important role,

when analyzing the directions and forms of state participation and management of GVCs.

The third part of the paper is devoted to the case analysis. The paper presents four cases highlighting the transformation of GVCs with the participation of Chinese and Indian mining companies (Coal India Ltd., NTPC Limited, China Shenhua Energy, Shaanxi Coal and Chemical Industry Group Co., Ltd). The cases reveal the directions and possible consequences of state participation in the modification of GVCs using the example of the mining industry of these countries.