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RIETI-ERIA Open BBL Webinar

# How will East Asia's Digital Transformation Change the Global Value Chain?

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# Plan of talk

- Understand digital as a new gene of GVCs
- The development of the digital economy needs international collaboration and GVCs
- Policy for Digital transformation and GVCs participation of East and Southeast Asia

## Part 1:

Digital becomes a new gene of GVCs.

Digitalization and servicification are the key feature of the 21st century GVCs.

# GVCs as an outcome of technological progress

	Pre-globalized world	The 1st unbundling	The 2 <sup>nd</sup> unbundling	The 3 <sup>rd</sup> unbundling
Transportation costs Communication costs Face-to-face costs	High High High	Lower High High	Lower Lower High	Lower Lower Lower
What to move?	None	Goods	Production factors, knowledge	People, skills, service
Int'l division of labor	Autarky	Industry-wise	Task-wise (production fragmentation)	Person-wise (task fragmentation)
Technology		Automation, transportation	CT&IT	SMACI

Baldwin( 2016), Kimura (2018), Kimura and Chen (2018)

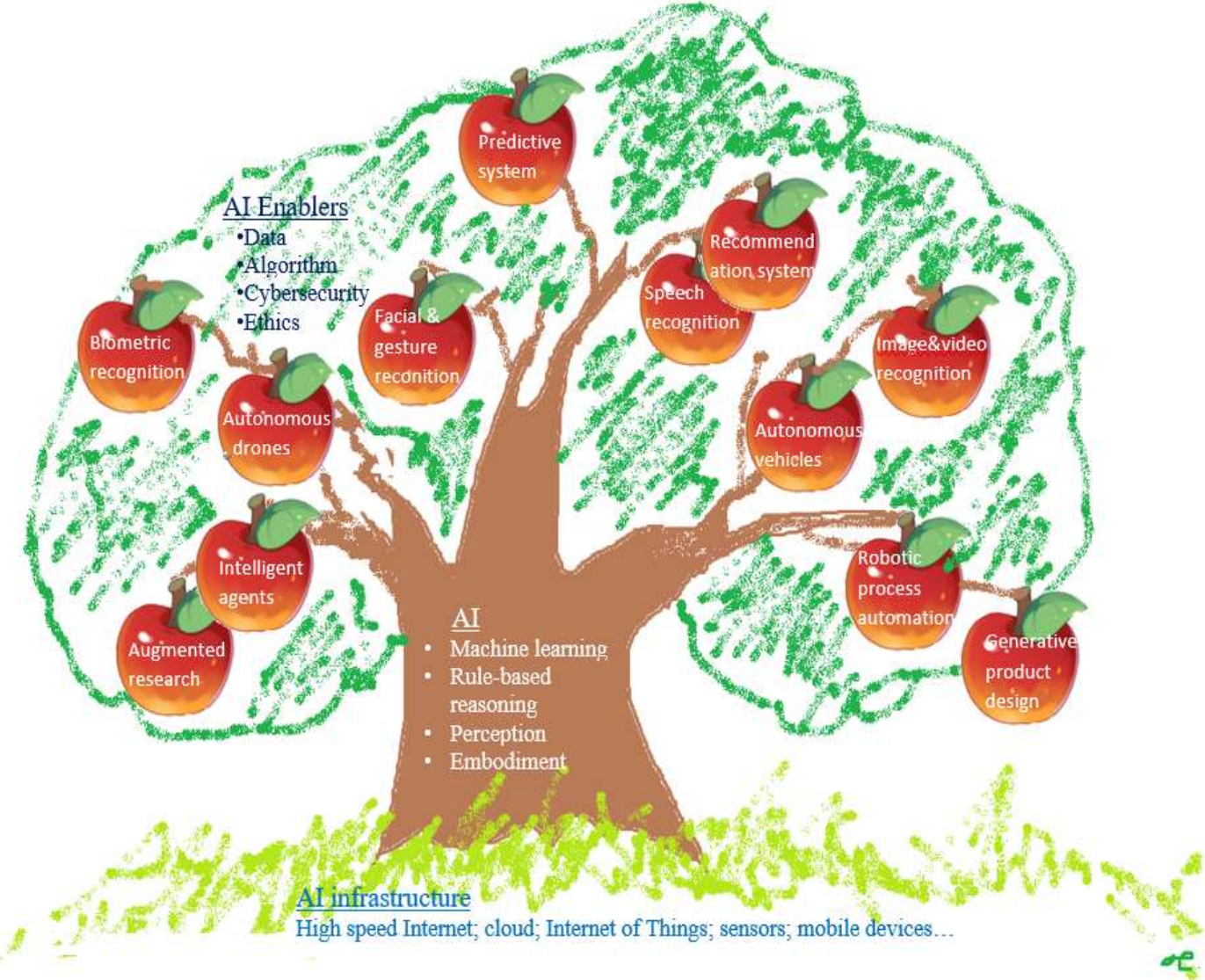
## Part 2:

The development of the digital economy needs international collaboration and GVCs

# Some cutting-edge digital technologies with most promising market prosperity

- 3D printing/ additive manufacturing
- AI technologies
- Autonomous vehicles and drones
- Blockchain
- Cloud computing and storage
- Industrial Internet
- Inventory and network optimization tools
- Predictive and prescriptive analytics
- Robotics and automation
- Sensors and automatic identification
- Wearable and mobile technology
- ...

# GVCs to nurture the AI apple tree

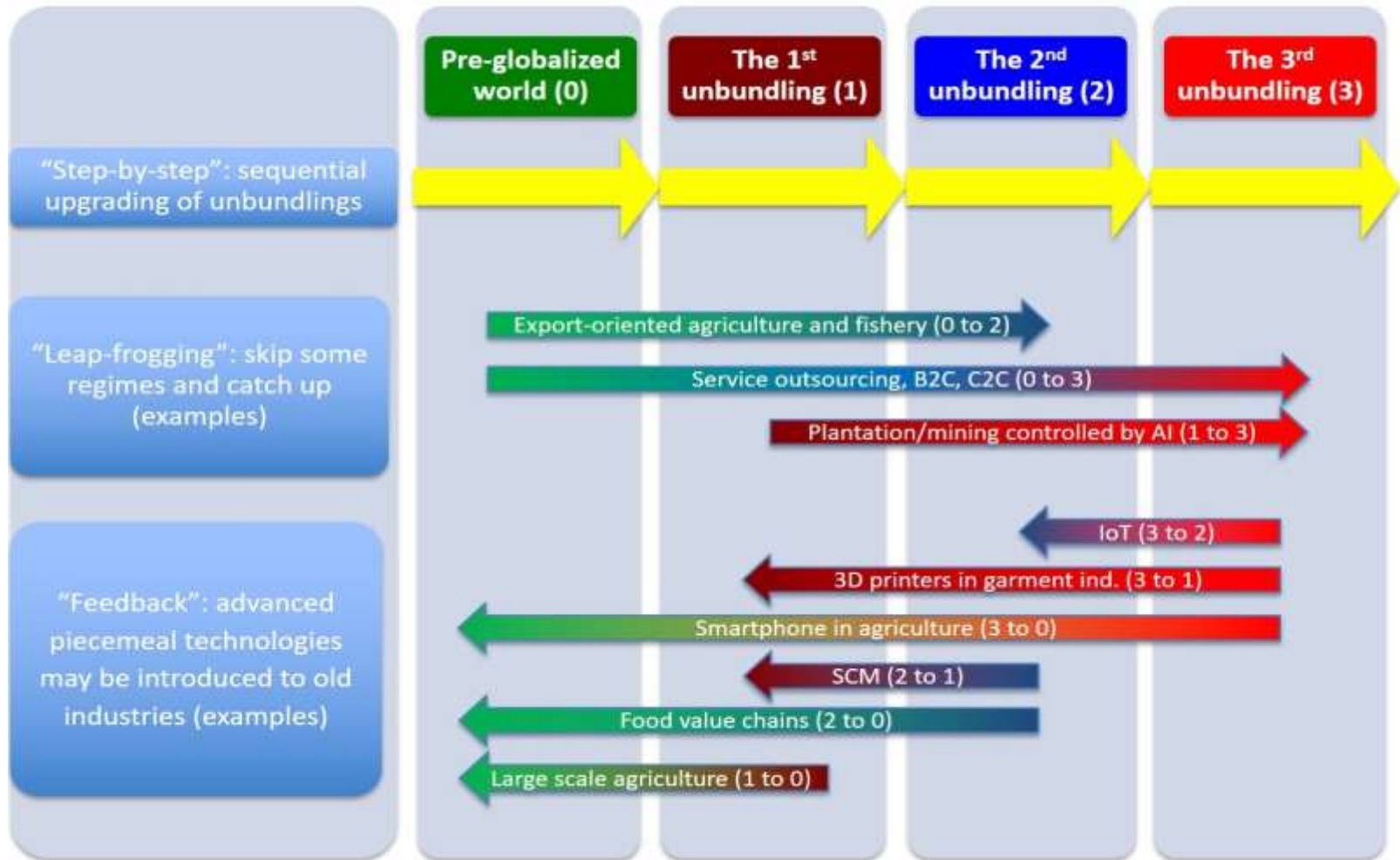


## Part 3:

Policy for Digital transformation and GVCs  
participation of East and Southeast Asia



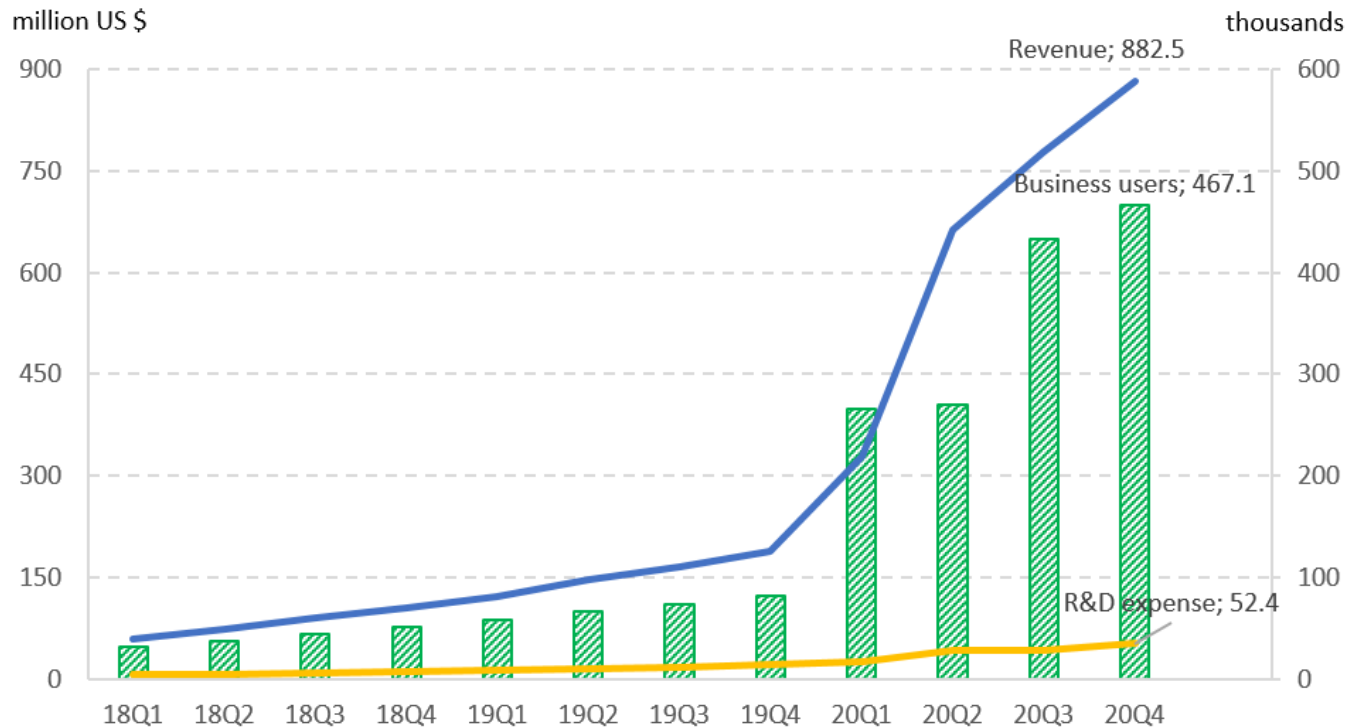
# 1. Innovative economy needs innovative policy thoughts



Kimura (2018), Kimura and Chen (2018)

## 2. Improving people-to-people connection shall be a principle in policy design

The ZOOM's story: solution for people-to-people connection get high market rewards



Data source: [www.zoom.com](http://www.zoom.com)

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### 3. Improving digital connectivity stays at the core of digital transformation and GVCs in Asia

- Improving data connectivity shall be a policy priority
- Free flow of data needs the safeguarded by a series of backup policy
- Promoting cross-border e-commerce and digital trade helps increase trust among countries

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