The more international trade expands, the more it becomes structured aro und Global Value Chains (GVCs). GVCs have changed the way firms design, produce and distribute their goods and services, although in recent years manufacturing firms have shortened the supply chains, by reducing the foreign added share in the value of final products. This has been done by shifting towards domestic, rather than international suppliers, so reversing the trend to outsource part of the productive process to foreign countries which started in the 1990's and continued in 2000's, in an attempt to obtain increased cost savings and higher efficiency. This phenomenon will probably be exacerbated by the recent spread of the COVID-19 virus, which will push companies to internalise some production phases that were previously outsourced abroad.

Those countries that adopted policies aimed at promoting integration into GVCs have however grown faster, with positive effects in terms of reduction of poverty. This is the case of many Asiatic countries like Bangladesh, China, and Vietnam, among others, where productivity and incomes rose significantly thanks to their steady integration into GVCs. Vietnam for instance, has become the second mobile smartphone exporter in the world, making the final production stages of about 40% of the Samsung phones. The provinces where such production stages are located, Thai Nguyen and Bac Ninh, are now two of the richest in Vietnam.

GVCs are based on the concepts of fragmentation of production across countries and inter-company cooperation, where firms, instead of manufacturing a whole product, focus on what they do best, outsourcing the other production phases to companies located in other countries that specialise in the relevant processes. An example is given in another study from OECD (2013) that analysed the "Nutella" global value chain, a well-known brand of hazelnut and cocoa spread whose productive process is fragmented into different countries in the world.

A new report from the World Bank offers a detailed perspective on GVCs and analyses on the degree to which this particular production process can contribute to economic growth and poverty reduction in developing countries. The report concludes that GVCs can continue to boost growth, create better jobs, and reduce poverty in such countries, on condition that they will continue, among others, to push on policies aimed at liberalise trade, speeding up customs procedures and reducing border delays. In fact, manufacturers located in countries with high levels of Non-Tariff Barriers (NTBs) or strict protectionist policies, can be excluded by GVCs, because these policies reduce their attractiveness as global value chain (GVC) locations.

Moreover, firms in GVCs tend to employ more women than non-GVC firms, so contributing to the broader development benefits of higher female employment.

The WB calculates that for goods traded in GVCs, a day's delay is equal to imposing a tariff in excess of 1 percent, hence delays at border reduce the efficiencies generated by GVCs. The report also identifies the policies that better promote integration into GVCs, like those aimed at attracting Foreign direct investment (FDI), at improving access to finance, or at making labor regulations flexible.