Friendshoring and Nearshoring Opportunities for APEC Economies in the Context of the Trade War

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Instituciones comprometidas con el conocimiento

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Plata: PUCP; Cooperación Española

Con el apoyo de: PERÚ Ministerio de Vivienda, Construcción y Saneamiento

Aliado mediático: Editora Perú; RPP

Introduction

- Freund, C., Mattoo A., Mulabdic, A. & Ruta M. (2023). Is US Trade Policy Reshaping Global Supply Chains? *International Monetary Fund*.
- Wai-chung Yeung, H., Huang, S. & Xing, Y. (2023). From Fabless to Fabs Everywhere? Semiconductor Global Value Chains in Transition in 'Global Value Chain Development Report 2023: Resilient and Sustainable GVCs in Turbulent Times', UIBE, ADB, IDE-JETRO, WTO.
- Alfaro, L. & Chor D. (2023). Global Supply Chains: The Looming "Great Reallocation". *Harvard Business School, Working Paper 24-012*.
- Ciuriak, D. (2023). The Economics of Supply Chain Politics: Dual Circulation, Derisking and the Sullivan Doctrine. *C. D. HOWE Institute*.
- Utar, H. Cerebros Zurita, A. & Torres Ruiz, L. B. (2023). The US-China Trade War and the Relocation of Global Value Chains to Mexico*. SSRN Electronic Journal · January 2023*.

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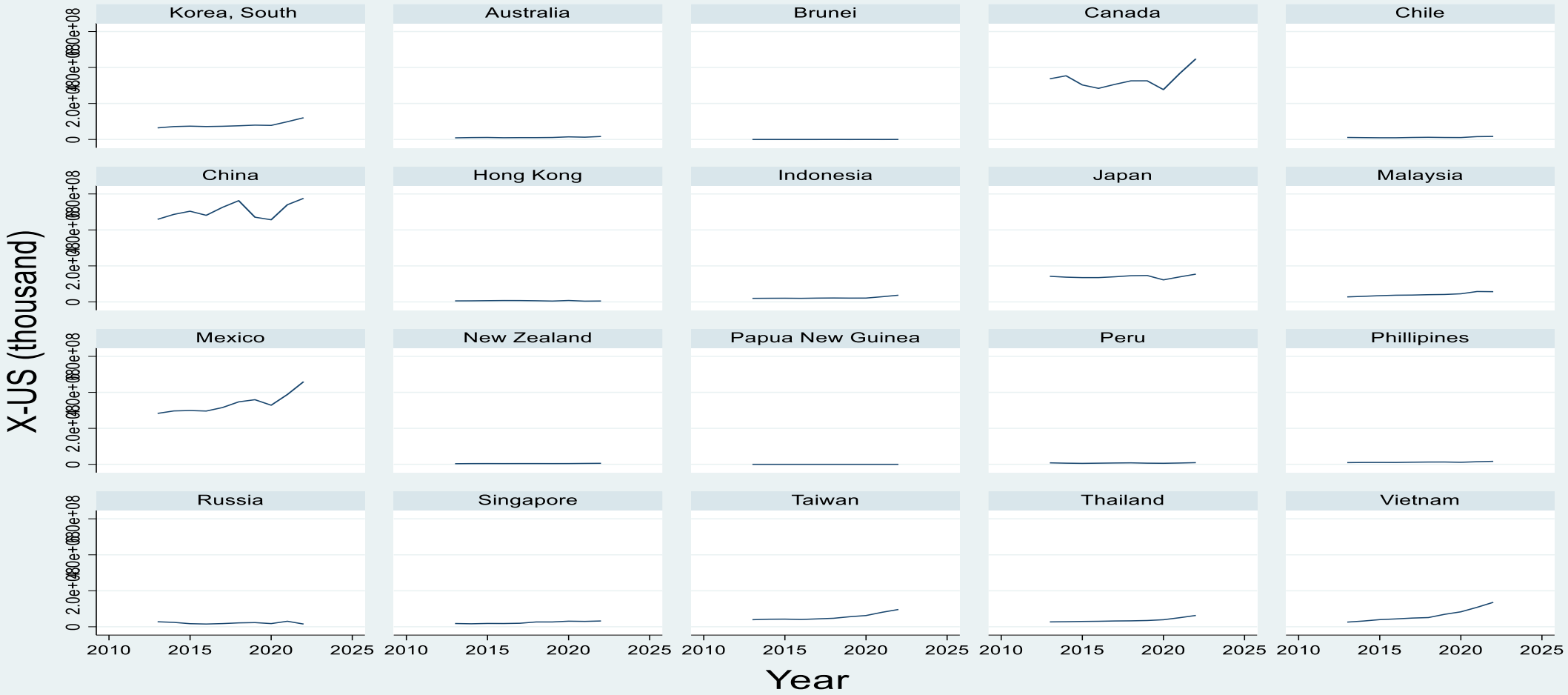
Method

$$IM_{it}^{US} = \alpha_i + \beta WT_{it} + \gamma CV_{it} + \varepsilon_{it}$$

$$IM_{it}^{China} = \alpha_i + \beta WT_{it} + \gamma CV_{it} + \varepsilon_{it}$$

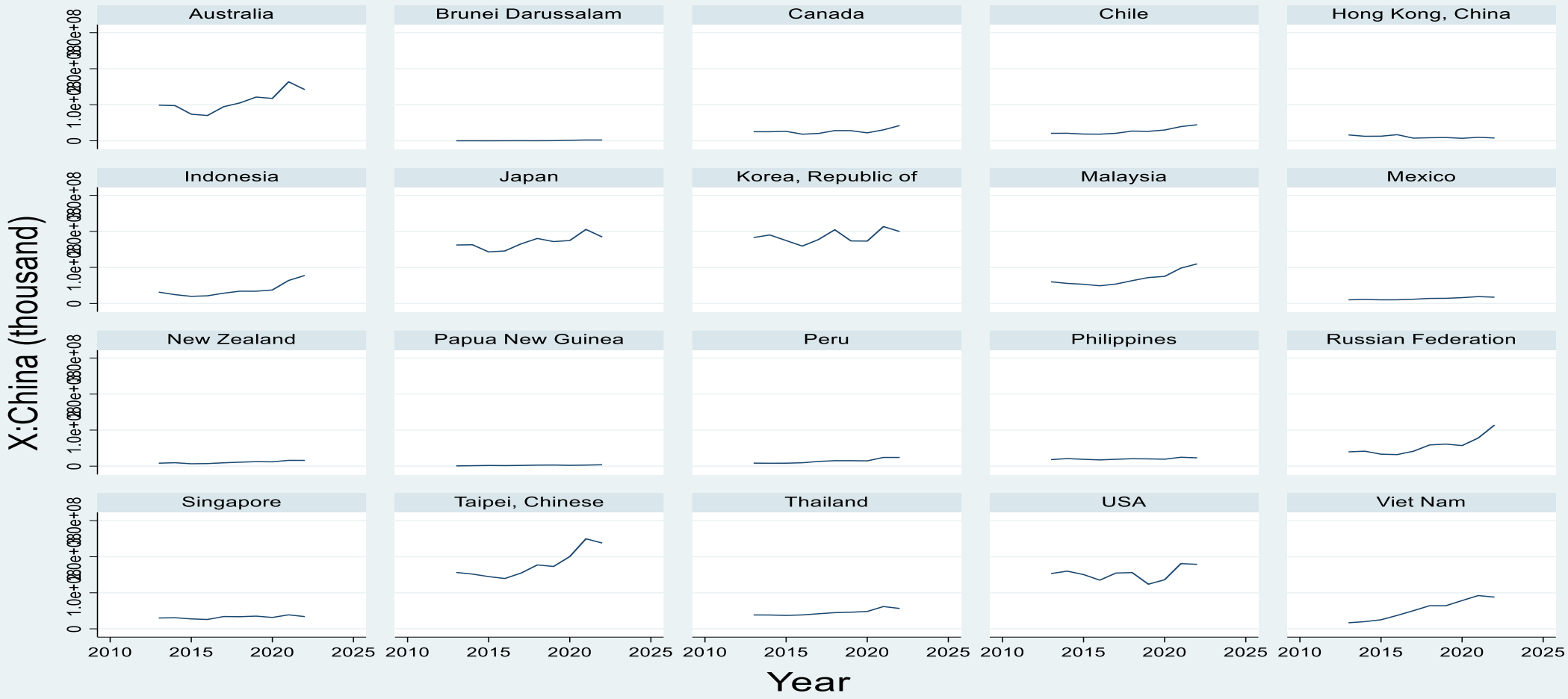
Exports to the US from other APEC economies



The effect of the trade war on nearshoring and friendshoring with the US

Exports to China	All APEC economies	Nearshoring economies	Friendshoring economies	Others economies
War trade	1.1e+07**	4.3e+07***	0.9e+07**	0.4e+07
	(460)	(4e+06)	(4.1e+06)	(2.6e+06)
Population	0.386***	3.788***	2.64*	0.371***
	(0.030)	(1.4e+06)	(1.55)	(0.015)
GDP per capita	1162.4	8657***	2780	563**
	(923.3)	(3181)	(1992)	(261)
Constant	319e+04	-2.3e+08	-1.38e+08	-2.31e+07
	(1.8e+07)	(2.1e+08)	(8.78e+07)	(1.67e+07)

Exports to China from other APEC economies



The effect of the trade war on nearshoring and friendshoring with China

Exports to China	All APEC economies	Nearshoring economies	Friendshoring economies	Others economies
War trade	1.4e+07***	1.9e+07***	1.6e+07***	0.96e+07
	(1.9+06)	(4.70e+06)	(524)	(7.18e+05)
Population	0.287**	423.5	225.3	1001***
	(0.130)	(643.4)	(584.6)	(249)
GDP per capita	6.9e+02*	0.155	0.277*	0.240**
	(3.9+02)	(0.196)	(0.134)	(0.099)
Constant	1.8e+07	4.0e+07*	2.70e+07	-9.1e+06
	(1.3+07)	(2.3e+07)	(3.03e+07)	(1.4e+07)

Discussion

- Regarding Freund et al. (2023), similarities are related to tariffs on technological products and population, while differs on GDP per capita.
- According to Wai-chung Yeung et al. (2023) the rise of fables facilitated trade deviation. Meanwhile, the 2015 “Made in China” is part of the process.
- Alfaro et al. (2023) highlighted the Mexico’s export increases and China’s decrease. Likewise, underscore Vietnam as the most benefited.
- From Ciuriak (2023), there are not evidences that the China’s 'dual circulation’ could be accomplished due to the recent trends observed.
- Meanwhile, Utar et al. (2003) found substitutions between China and Mexico for the US market, and improved international trade among them.

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