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THE IMPACTS OF DEGLOBALIZATION ON MANUFACTURING VALUE ADDED IN COMPARATIVE PERSPECTIVES

Abstract:

This paper intends to investigate the impact differentials of de facto and de jure deglobalization on manufacturing value added across least developed nations, developing nations, and developed nations before and after the 2008 global financial crisis over the period 2001-2021, aiming to provide insights for policymakers to address future uncertainties arising from deglobalization trends. It shows that de facto and de jure deglobalization's impacts on manufacturing value added vary across different developmental contexts. It is worth noting that this paper employs a panel error correction model and an autoregressive distributed lag-error correction model to examine the impact differentials in both the long run and the short run across two distinct periods of 2001-2008 & 2009-2021, in addition, this study considers 2008 global financial crisis as the "watershed" for the rising of deglobalization according to academic literature. Developed nations experienced greater short-run impacts from deglobalization than developing and least developed nations, especially post-global financial crises. Therefore, policymakers in developed nations should pay more attention to mitigating trade disruptions, stabilizing stock markets, strengthening supply chain resilience, and protecting the benefits of domestic consumers from rising prices and inflation in the short run. In general, the impacts of deglobalization on least developed nations had greater impacts than those of developed nations and developing nations due to their limited infrastructures, weaker legal and economic policy buffers, and dependence on international trade and aid. The greater impacts on least developed nations due to deglobalization emphasize enhancing resilience through industrialization policies and international cooperation for least developed nations.

Keywords:

Deglobalization, Manufacturing Value Added, Panel Error Correction Model, Autoregressive Distributed Lag-Error Correction Model

JEL Classification: A10, F00, F10