

ABSTRACT

The impact of trade policy measures on Global value chain (GVC) for South Asian economies is analyzed in this study. The impact of trade policy on GVC is captured through trade value, as participation in value chains is linked with trade value. Based on extensive literature, this paper analyzes the policy factors affecting GVC and so the trade value. Methodology includes brief descriptive analysis of all the variables for the period of 1994-2017 including selected economies of South Asia. In doing so, I estimated a panel model using trade value data in the same period for selected countries of the South Asia; selected countries include Pakistan and Sri Lanka. Data for the analysis and estimation of model is collected from UN Commodity Trade Database (UN Comtrade), World Development Indicators (WDI) and World Governance Indicators (WGI). Further, ordinary least square (OLS), fixed effects and random effects models are applied to check correlation between dependent and independent variables. Among policy variables, tariffs plays significant and negative impact on trade value or GVC participation while control variables as FDI positively affect trade value. In addition, logistics index and GDP significantly increase a country's ability to engage in GVC and add trade value in their economies.