Assessing decent work in global value chains: Lessons from Ethiopia and Vietnam

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1. Introduction

Integration into the global economy through trade, foreign investment and the participation in global value chains (GVCs) is a potentially important driver of job creation and improved labour-market outcomes (World Bank, 2019). Integration into GVCs is therefore high on the development agenda of many states. Indeed, many developing countries, particularly in East and Southeast Asia, have become deeply integrated into GVCs over the past three decades through opening up to trade and foreign direct investment (FDI) by multinational firms. Despite geopolitical tensions and a growing number of trade and investment restrictions in the developed world (IMF, 2024), most developing countries – with some notable exceptions – have continued to pursue GVC integration through liberal trade and investment policies as a means of raising living standards at home (UNCTAD, 2024). Some, such as Vietnam and Mexico, have even benefitted as 'connectors' from the world's increasing geo-economic fragmentation, as their market shares in Chinese exports and United States imports have recently increased substantially (Alfaro and Chor, 2023).

Despite these potentially positive impacts on job creation, working conditions in GVCs continue to be critically debated, with some arguing that those employed herein are often poorly paid and adverse health outcomes frequent. Persistent violations of human rights and labour standards in certain supply chains have led to recent supply chain due diligence legislation in the Global North, such as the German Supply Chain Act and the EU Corporate Sustainability Due Diligence Directive. Others, however, contend that GVC participation, despite its shortcomings, can bring improvements in wages and working conditions over time and that GVC jobs in export industries are often better than local alternatives. However, this may matter little if export industries provide only very few of these 'more decent' jobs.

Therefore, the scale of GVC activities and spillover effects to the rest of the economy are crucial in assessing the impact of participation therein on decent work. Some argue that involvement can act as a catalyst for productivity-enhancing macro-economic structural transformation – the shift from low-productivity sectors, particularly agriculture, to higher-productivity ones, particularly manufacturing – and see broader positive development effects. Others question the inclusiveness and scale of these latter outcomes, particularly in contexts where domestic linkages to global production and beneficial

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development spillovers are weak, most notably in mining. The complexities of GVC participation's 'direct' impacts on jobs and broader 'indirect' ones on the labour market and development prospects contributes to the ambiguous and heterogeneous – and sometimes contradictory – evidence on decent work arising herewith.

In this chapter, we hence assess the impact of GVC participation on decent work through case studies of Ethiopia and Vietnam. We do so on the basis of a conceptual framework that takes into account both 'direct' and 'indirect' effects here. We argue that it is important to assess GVC integration from both a micro perspective – suited to examine GVC job quality and working conditions against a deliberately chosen counterfactual job – and a macro perspective – as pertaining to economic, sectorial or local spillover effects. A comparison of Ethiopia and Vietnam is illustrative of the decent work implications of GVC integration, as both countries have been among the fastest globalisers in their respective regions over the past two decades, albeit following different patterns of GVC integration. This shared status as globalisation leaders has attracted considerable policy and academic attention, resulting in the accumulation of a robust body of data and empirical (econometric) research that provides a solid basis for a comparative analysis of our chosen subject matter.

The rest of the chapter is organised as follows. Section 2 presents a conceptual framework for assessing decent work in GVCs. Section 3 presents the recent GVC integration experiences of our two country cases, Ethiopia and Vietnam. While section 4 discusses the disparities in the quality of work within GVCs within and between both countries, section 5 examines the unequal broader labour-market effects locally. Finally, section 6 concludes by summarising the policy implications of our study alongside outlining some avenues for future research.

2. Conceptual Framework: GVC participation and decent work

GVCs refer to the full range of activities involved in the production of a good or service – from conception to final consumption – that are distributed across multiple countries.[1] Participation in GVCs can affect workers through direct and indirect channels alike. These respective impacts can be analysed from both a micro and a macro perspective.

First, GVCs affect all the workers and suppliers who carry out related

[1] GVCs are usually structured into multiple tiers, each representing distinct stages of production and distribution. For example, apparel assembled in Ethiopia typically use raw materials such as cotton grown in China and Pakistan and textiles processed in China and India, while electronics assembled in Vietnam typically use minerals such as cobalt mined in the Democratic Republic of Congo and processed into battery components in China, alongside screens manufactured in South Korea – both apparel and electronics are then often exported for consumption in Western markets.

activities, such as production, processing, assembly, transport or management – the 'direct' aspects of GVC involvement. This includes, for example, Ethiopian and Vietnamese apparel workers in exporting supplier factories, as well as self-employed Ghanaian cocoa farmers and Congolese cobalt miners. In other words, those employed in export industries that are part of GVCs.[2]

Second, GVCs have broader labour-market and development impacts through extensive interactions and linkages with non-GVC workers and suppliers – the 'indirect' aspects of GVC involvement. Most importantly, this indirect influence operates through domestic labour markets: non-GVC workers are affected when the increased demand for labour in GVC firms, which may offer higher wages and better working conditions, spills over to local labour markets. Other indirect channels include multiplier effects from higher employment and greater income, increased competition,[3] technology and skills transfer, impacts on education systems and levels, and/or (the enforcement of) labour legislation (e.g. a minimum wage).

As for the micro perspective hereon, it often compares the characteristics of a job (for example, wages, job security, working conditions, social-security coverage) directly linked to a particular GVC (e.g. in an exporting apparel factory) with those of a comparable job in a domestic activity (e.g. in an apparel factory that only produces for the domestic market). In addition to worker-level employment outcomes, it may also look at firm-level outcomes. This involves examining changes in productivity, access to technology and level of integration into global markets.

The macro perspective, on the other hand, looks at the economy- or sector-wide impacts of GVC activity. This captures the scale of both the direct and indirect effects occurring. Here, counterfactuals extend beyond the individual worker and refer to the economy-wide expansion (contraction) of formal (informal) employment opportunities, average wages and working conditions for workers (including both GVC and non-GVC ones, as well as average productivity).

In the following sections, we use our conceptual framework and the distinction between 'direct' and 'indirect' channels, as well as the micro and macro perspectives, to assess the impact of GVCs on workers for the cases of Vietnam and Ethiopia. Before doing so, however, we will examine the two countries' rapid but different patterns of integration into GVCs.

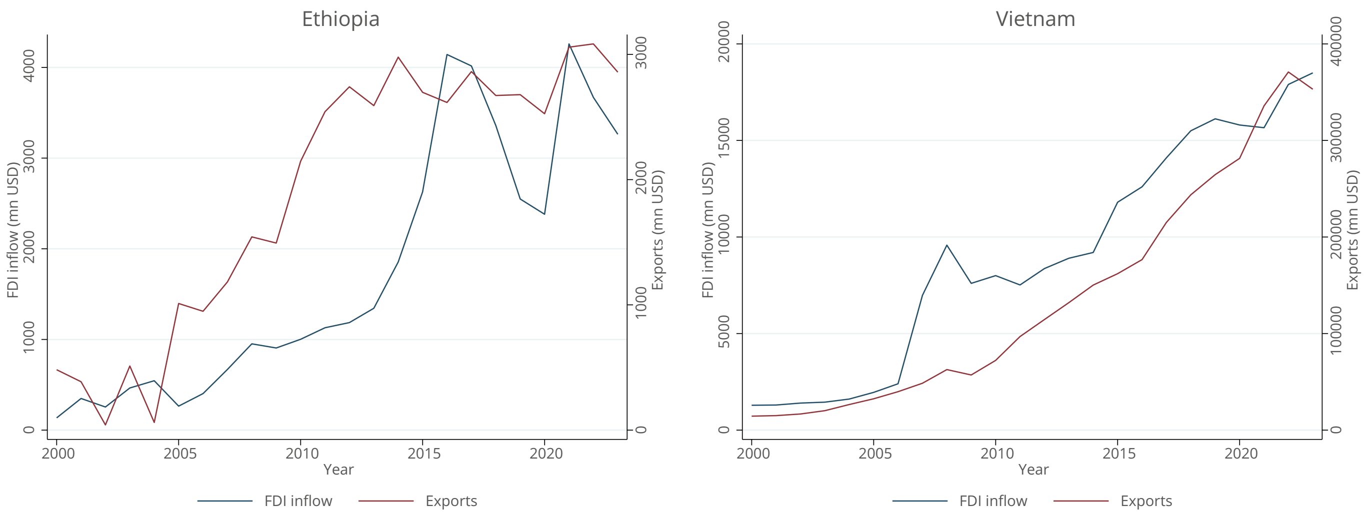
[2] Technically, these activities encompass all those that contribute value added to GVC exports. This includes domestic firms that provide inputs and services to exporting firms. This definition thus covers a wide range of activities, such as a domestic firm that manufactures specific electronic components for an exporting firm, as well as service providers (craft, catering and similar) who occasionally cater to exporters.

[3] Competition from foreign firms that are part of GVCs may also have (temporary) adverse effects on local firms and their workers.

3. Rapid but different patterns of integration into GVCs

We focus on Ethiopia and Vietnam because of their remarkable economic transformation and rapid integration into GVCs over the past three decades, despite both starting out as closed economies. Both countries have transitioned from centrally planned economies to market-oriented systems, implementing significant political and economic reforms that have recently led to dramatic increases in exports and FDI inflows, as shown in Figure 1 below. For Ethiopia, exports increased from USD 482 million in 2000 to USD 2.9 billion in 2023 and FDI inflows from USD 135 million in 2000 to USD 3.3 billion over the same period (left-hand panel). Vietnam's integration into GVCs has been even more remarkable, with exports rising from USD 14.5 billion in 2000 to USD 353 billion in 2023 and FDI inflows from USD 1.3 billion to USD 18.5 billion over the same time period (right-hand panel).

Figure 1: FDI inflows and exports, 2000–2023



Source: Authors' own compilation, based on UNCTAD data on FDI inflows from and UN Comtrade data on exports.

Both the Ethiopian and Vietnamese governments have leveraged special economic zones (SEZs) to boost exports and attract foreign investment (Tang, 2022).[4] Ethiopia has taken a highly centralised and top-down approach to developing its SEZs, with the central government and the Prime Minister's Office playing a key role in the process (Tafese and Weber, 2025).[5] Starting with the Eastern Industrial Zone in 2007, the country has expanded its network of IPs to 26 planned or established ones to date, as shown in the left-hand graph in Figure 2. Most of the operational IPs were established in the late 2010s – closely linked to the sharp increase in FDI inflows during this period[6] – and are state-owned. By comparison, Vietnam's approach to SEZ development has been much more decentralised, with provincial governments (i.e. the Provincial People's Committees), having considerable autonomy to develop SEZs in partnership with private, usually foreign, investors (Tafese et al., 2025). Vietnam's SEZ programme, which began already in the early 1990s, today includes more than 600 planned and established SEZs spread across all 58 of the country's provinces and its 5 municipalities, as shown in the right-hand graph in Figure 2. In both Ethiopia and Vietnam, these zones are supported by liberal trade policies, tax incentives, preferential terms for land rent and investment loans, and infrastructure investments to attract mainly foreign investors producing for export markets.

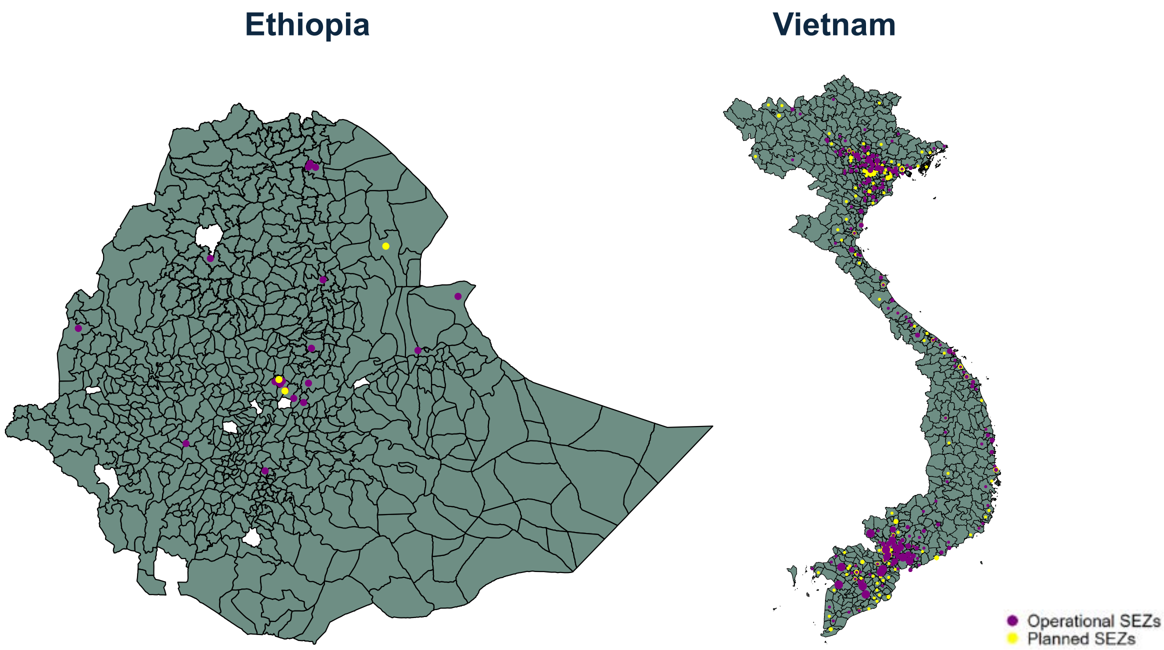
While both Ethiopia and Vietnam have integrated significantly into GVCs over the past two decades, relying heavily on SEZs, the nature hereof has been different for each. Ethiopia remains predominantly integrated into agricultural GVCs, which is reflected in the fact that four of its top five exports are agricultural products, as shown in the left-hand panel in Figure 3 below. Coffee and spices are by far the country's most important commodities, accounting for USD 1.2 billion of exports in 2023 (41 per cent of total exports). By comparison the value of apparel, Ethiopia's only industrial product in its top five exports, reached only a fraction of that amount at USD 94 million in 2023, despite a significant increase since 2010 and especially up to 2019. Vietnam, on the other hand, is much more integrated in manufacturing GVCs, with all of its top five exports in this category, as shown in the right-hand panel in Figure 3. While exports of all five have

4 Most SEZs in Ethiopia and Vietnam are industrial parks (IPs), which are clearly demarcated areas dedicated to the production of industrial (mostly export) goods and the provision of services to support industrial needs (Tafese et al., 2025; Tafese and Weber, 2025).

5 Three federal agencies lead the promotion and development of Ethiopia's IPs: the Ethiopian Investment Board, chaired by the Prime Minister, which oversees investment policy and incentives; the Ethiopian Investment Commission, which manages the day-to-day investment promotion and licencing activities; and the Industrial Parks Development Corporation, a state-owned enterprise responsible for the development and management of public IPs.

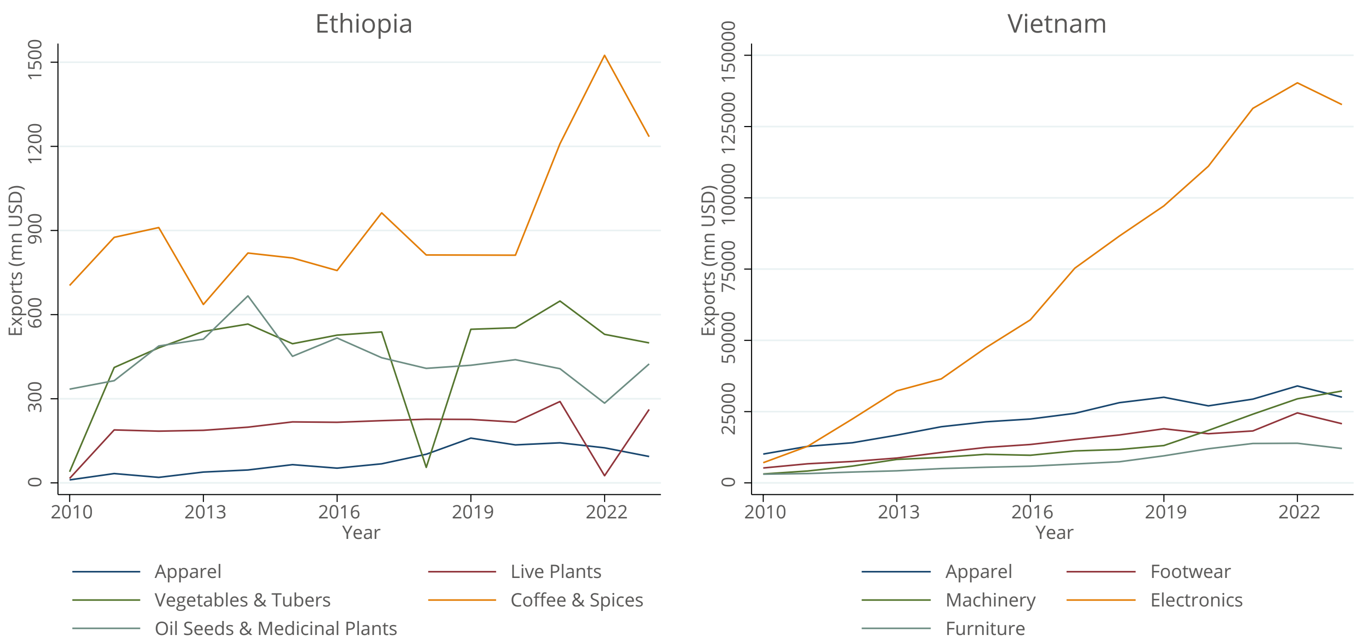
6 For example, H&M and PVH could be attracted to IPs as 'anchor' investors, leading to large follow-on investments by other foreign companies.

Figure 2: Distribution of SEZs across Ethiopia and Vietnam



Source: Authors' own compilation, based on Tafese et al. (2025) and Tafese and Weber (2025).

Figure 3: Top five export products



Source: Authors' own compilation, based on UN Comtrade data.
Notes: Exports are reported per the Harmonized System's two-digit codes. Live plants=06; Vegetables & Tubers=07; Coffee & Spices=09; Oil Seeds & Medicinal Plants=12; Apparel=61 & 62; Footwear=64; Machinery=84; Electronics=85; Furniture=94.

grown significantly since 2010, those for electronics far outpace every other product: the value hereof went from USD 7 billion in 2010 to a whopping USD 123.7 billion in 2023.

4. Disparities in the quality of work in GVCs

As Ethiopia and Vietnam have become more integrated into GVCs over time, concerns have been raised about whether the jobs created by these activities constitute 'decent employment' – that is, whether they provide fair remuneration, security and dignity, and respect equality and fundamental rights at work.[7] Building on our conceptual framework, this section examines the direct effects of GVC participation on workers from a micro perspective, comparing the characteristics of jobs linked to GVCs with those of ones forming part of the local economy instead. We do this by drawing on detailed micro data from Ethiopia and Vietnam and a growing body of rigorous empirical research in both countries. As fair remuneration is a key component of decent work, we place particular emphasis on analysing wage differentials between GVC and non-GVC jobs within and between the two countries.

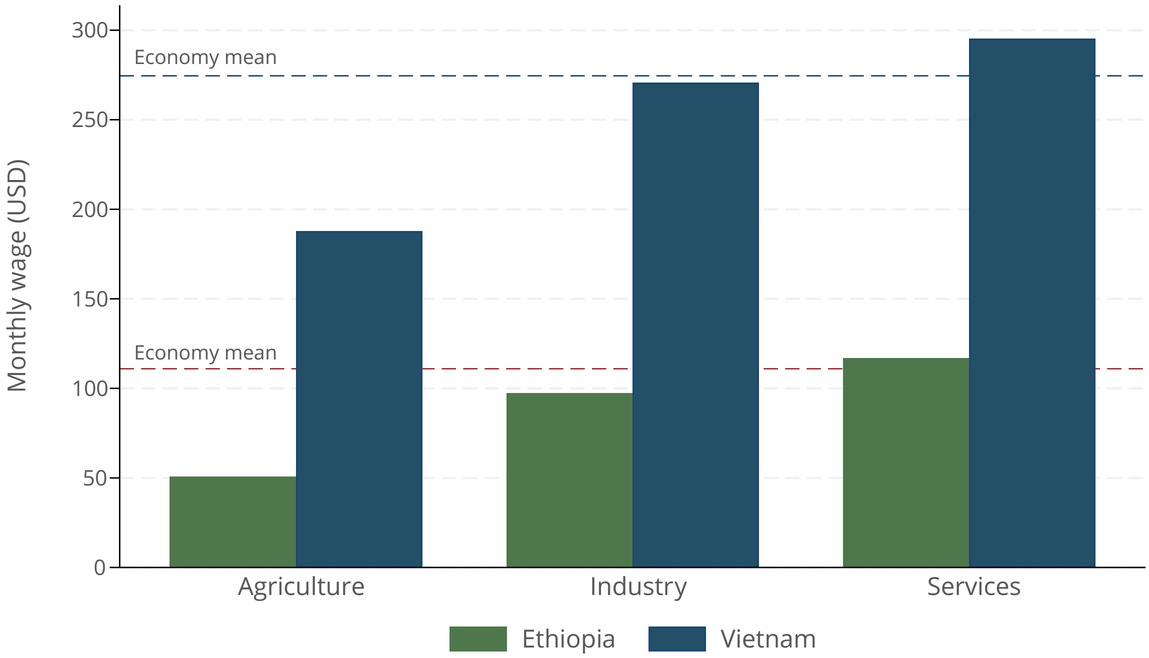
As a starting point for understanding the local wage structures of each, Figure 4 below shows the average sectoral monthly wage (hereafter, just 'wage'), using nationally representative Labour Force Surveys (LFSs) at the worker level from 2019 and 2021 for Vietnam and Ethiopia, respectively.[8] At USD 275 versus USD 111, the economy-wide wage in Vietnam is about 2.5 times higher than in Ethiopia.[9] This significant difference also holds when comparing wages in the same sector across the two countries. There are significant differences in wages across sectors within Ethiopia and Vietnam alike as well. Agriculture is by far the lowest-paying one – even more so in Ethiopia, where agricultural wages are less than half of the economy-wide wage – while services is the highest-paying sector. While wages in industry – which includes of both manufacturing and construction – are between those in agriculture and services in both countries, they are well below the economy-wide wage in Ethiopia and almost the same in Vietnam. Finally, it should be noted that the earnings gap between agriculture and the two other sectors is likely to be even wider in reality, as we exclude from Figure 4 own-account workers and contributing family workers, who make up the vast majority of agricultural employees and

7 Decent work is a core element of the United Nations' Sustainable Development Goal 8: 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.

8 For more details on the LFSs' design, sampling and coverage, see Tafese and Weber (2025) for Ethiopia and Tafese et al. (2025) for Vietnam.

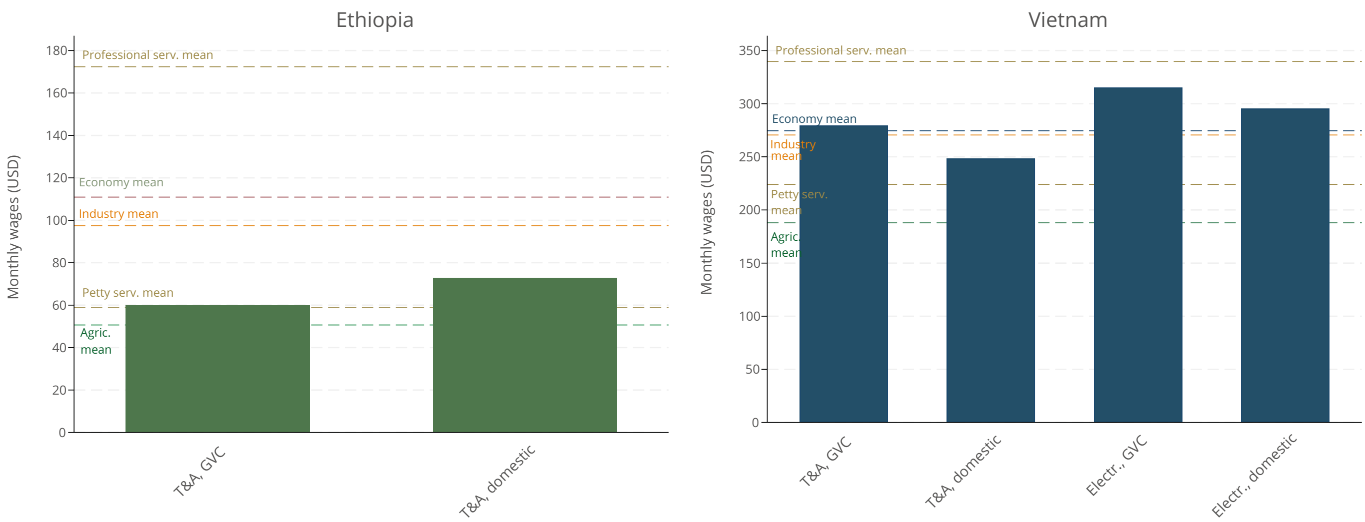
9 We convert monthly wages denominated in their local currencies, Ethiopian birr and Vietnamese dong, to US dollars using the current exchange rates at the time of each survey.

Figure 4: Sectoral wages



Source: Authors' own compilation, based on the 2019 Vietnam LFS and the 2021 Ethiopia LFS.
Notes: The sectoral classifications follow ISIC Revision 4 codes. Workers in a firm with a 4-digit ISIC code that is part of section 'A' are classified in Agriculture, those with a code part of sections 'B–F' in Industry and those with a code part of sections 'G–U' in Services. Only wage workers are included.

Figure 5: Wages in manufacturing GVCs and other local activities



Source: Authors' own compilation, based on the 2019 Vietnam LFS and the 2021 Ethiopia LFS.
Note: See footnote 11 for the definition of domestic and GVC workers in T&A and electronics in Ethiopia and Vietnam.

who tend to have even lower labour earnings than agricultural wage workers.[10]

We now compare wages in export-oriented GVCs with those for other local employment activities, using the detailed worker-level information found in the national LFS. While we do not have direct information on whether a worker is employed in a GVC firm – this would require matched employer–employee data – we can infer this from the detailed worker-level information on occupations employment sectors and firms. We focus on textile and apparel (T&A) manufacturing for both Ethiopia and Vietnam, as well as additionally on electronics manufacturing for the latter, as the two countries' main manufacturing GVC activities.[11]

Three points stand out when comparing wages in GVC jobs within and between Ethiopia and Vietnam (see Figure 5). First, there is a large difference between wages in the T&A manufacturing GVC sector in the two countries, with those in Vietnam being more than four times higher than they are in Ethiopia, despite very similar activities being performed. Second, while wages in Ethiopia's T&A GVC sector are lower than in its domestic T&A manufacturing sector, the opposite is true for Vietnam, where there is a significant wage premium in its T&A as well as electronics manufacturing GVC sectors. Third, GVC jobs in T&A manufacturing in Ethiopia are among the lowest-paid ones, well below the industry- and economy-wide wage, similar to those in petty services and only slightly above agriculture. On the other hand, GVC jobs in T&A and electronics manufacturing in Vietnam are among the highest-paid ones, above earnings in industry and the overall economy, and well above petty services and agriculture.

These descriptive findings are in line with a growing literature that uses specially designed surveys and experiments to demonstrate the often indecent conditions found regarding factory work in Ethiopia's export-oriented T&A sector. For example, high turnover and industrial conflict

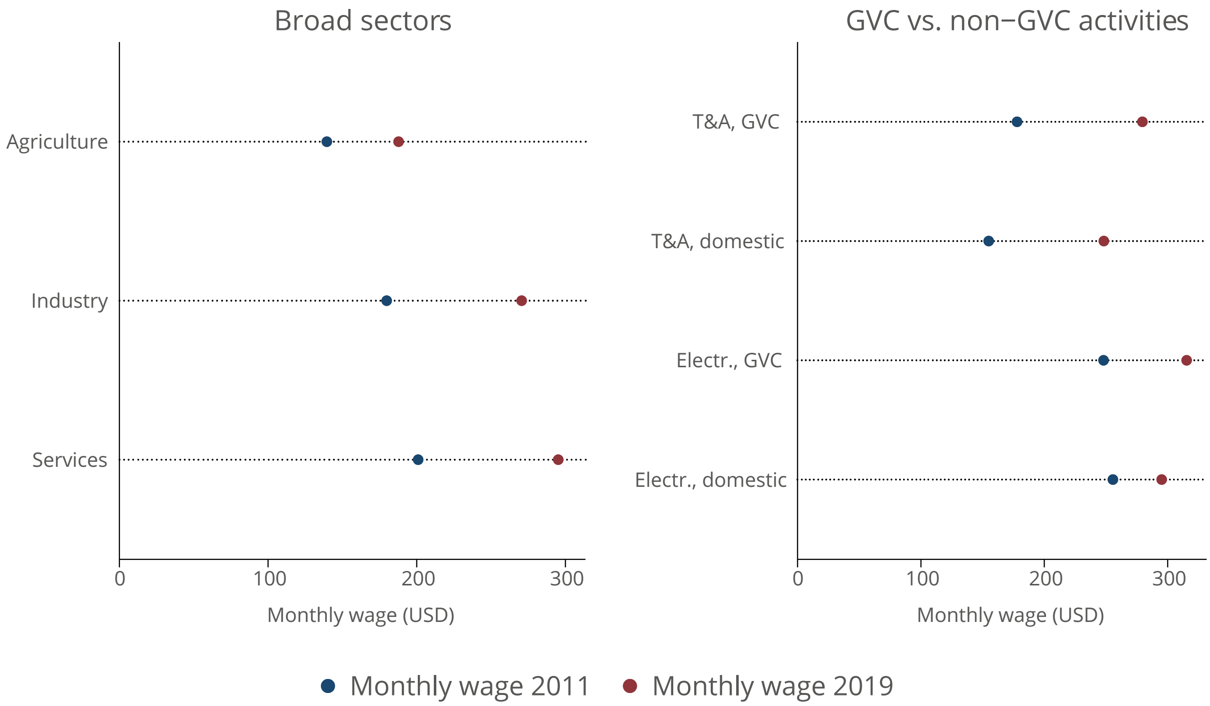
10 We exclude own-account and contributing family workers as the Ethiopian LFS does not collect earnings data for these groups. For consistency, we also include only wage workers from the Vietnamese LFS, although earnings data are collected for all types of workers hereby.

11 We make some plausible assumptions based on the local context to classify workers into realms of GVC activity. For Vietnam, a worker is considered part of a T&A or electronics manufacturing GVC if the following two criteria are met: first, the employer has a two-digit ISIC code of 13 (textiles), 14 (apparel) or 15 (leather) for T&A and 26 (computers) or 27 (electrical equipment) for electronics. Second, the employer enterprise is foreign-owned, as the vast majority hereof are involved in GVCs – that is, they import inputs and export their output. We use the same first criterion for Ethiopia. However, as the Ethiopian LFS does not provide information on the ownership of the employer firm, we use as a second criterion whether a worker is a 'plant and machine operator and assembler' (ISCO code 08), as these occupations are almost exclusively performed in foreign-owned firms within the country's T&A sector.

between (foreign) employers and workers in IPs (Chu and Fafchamps, 2022; Oya and Schaefer, 2021) as well as the short-term negative health effects of industrial work (Abebe et al., 2020; Blattman and Dercon, 2018) have been documented here. Consistent with our descriptive findings, it has been shown experimentally that pay for IP workers is generally no better than it is in local alternatives (Abebe et al., 2024; Blattman et al., 2022).

However, it is important to note that Ethiopia is still at an early stage of GVC integration and there is room for improvement in the quality of work, including in T&A. Indeed, there is a lesson to be learned from Vietnam's own experience, which suggests that wage growth in the export-oriented T&A manufacturing sector can be substantial. Figure 6 below shows that wages in the latter increased by more than 50 per cent between 2011 and 2019, outpacing wage growth in electronics and converging with electronics wage levels.[12] At the same time, Vietnam's domestic T&A manufacturing sector experienced very similar wage growth over the examined time period. This points to

Figure 6: Wage growth in Vietnam between 2011 and 2019



Source: Authors' own compilation, based on the 2011 and 2019 Vietnam LFS.
Notes: The definition of broad sectors is the same as in Figure 4. See footnote 11 for the definition of domestic and GVC workers in T&A and electronics.

[12] We inflate wages from 2011 using 2019 price levels from the Vietnamese CPI to compare wages in both years in real terms.

the potentially broader indirect labour-market effects of GVC integration in Vietnam, which have contributed to overall income growth in the country and which we will discuss next.

5. Unequal and broader labour-market impacts of GVC integration

As outlined in our conceptual framework, GVC integration not only affects workers directly engaged in GVC activities but also has broader indirect impacts through the extensive interactions and linkages that exist with non-GVC workers and suppliers. These wider effects often reverberate through domestic labour markets, where GVC firms' increased demand for labour can create spillover effects on wages, working conditions and employment structures. A key mechanism through which these spillovers occur is the backwards linkages between GVC lead firms and local suppliers. These ties may generate positive spillovers by fostering contractual relationships, technology and skills transfer, and demonstration and imitation effects, ultimately leading to job creation and rising wages. However, GVC integration may also generate negative spillovers, as increased competition with global markets and rising wage pressures may lead to a deterioration in working conditions or job losses due to downsizing or the closure of domestic firms. The net effect of GVC participation may thus be positive or negative, depending on the nature of the interactions and linkages found in participating economies.

Recently, a growing body of research has emerged empirically assessing the labour-market impacts of GVC integration, including both direct and indirect ones, during periods of accelerated economic liberalisation – such as World Trade Organization accession or the conclusion of trade and investment agreements or related reform programmes.[13] In line with our conceptual framework, we draw on recent research on Ethiopia and Vietnam to examine these labour-market effects of GVC integration from both a micro and macro perspective; in other words, how changes at the worker or firm level may lead to aggregate changes at the sector or economy level. To operationalise the local labour-market effects of GVC integration, studies typically use outcomes from micro data, such as household- and firm-level surveys, and tend to focus on either trade

[13] Studies typically employ (quasi-)experimental econometric methods to identify the causal effects of GVC integration in specific country cases.

integration, (greenfield) FDI or on SEZs[14] as empirical measures of global market integration.[15]

In Ethiopia, the labour-market effects of GVC integration have been found to be very localised and limited in scope. Studies focusing on greenfield FDI, such as Abebe et al. (2022), highlight modest positive employment spillovers in local manufacturing firms near foreign investment projects. Similarly, Crescenzi and Limodio (2021) show that Chinese FDI has boosted employment in the East African country's upstream and downstream sectors but negatively affected firms in the same sector due to increased competition. Evidence on trade liberalisation in Ethiopia also points to a modest positive impact: Giovannetti et al. (2022) find that districts with greater tariff reductions experienced a shift from agriculture to services, particularly for women, but little movement into manufacturing. Complementing these findings, Tafese and Weber (2025) show that the expansion of Ethiopian IPs has primarily led to a shift in employment from unpaid family and own-account work in agriculture to wage employment in construction in places nearby. However, this is geographically concentrated in areas in close proximity to IPs and does not spur broader industrialisation at scale. Nor do these authors find that Ethiopia's integration into GVCs through IPs has had broader positive income effects in the local labour markets where those sites are established.

In contrast, Vietnam's GVC integration has had much broader and more transformative indirect effects on its local labour markets. For example, McCaig and Pavcnik (2018) document how Vietnam's 2001 bilateral trade agreement with the US facilitated a large-scale transition from informal household businesses to formal enterprises, significantly boosting labour productivity. Follow-up studies (McCaig et al., 2022) attribute much of this employment growth to the entry of foreign-owned firms, particularly exporters.

[14] In many developing and emerging economies, SEZs have been the hubs for FDI-driven GVC integration over the past two decades. SEZs come in many varieties and – depending on their exact definition – include export processing zones, IPs and possibly multiple other forms (see Farole, 2011). For our purposes, a definition that emphasises the presence of a regulatory regime distinct from the rest of the economy (typically customs or tax rules) is most useful.

[15] In addition to the research on Ethiopia and Vietnam cited below, there is a rapidly growing corpus examining the impact of global-market integration on local labour markets in other developing and emerging economies. On the impact of trade on labour markets in Brazil, see: Dix-Carneiro et al. (2019); in Mexico: Ben Yahmed and Bombarda (2020); in South Africa: Erten et al. (2019); in Vietnam: McCaig and Pavcnik (2018). On the impact of (greenfield) FDI on labour markets for Africa as a whole, see: Hoekman et al. (2023) and Mendola et al. (2021); in Mozambique specifically: Toews and Vézina (2022). On the impact of SEZs on labour markets in Cambodia, see: Brussevich (2023); in China: Wang (2013) and Zhao and Qu (2023); in India: Alkon (2018) and Galle et al. (2023); in Vietnam: Tafese et al. (2025).

Additionally, recent scholarship (Mayr-Dorn et al., 2023; Nguyen and Lim, 2023; Rotunno et al., 2023) reveals that Vietnam has been a major beneficiary of the US–China trade war, with trade diversion driving increases in employment, working hours and wages, as well as seeing a significant shift from informal agriculture to formal manufacturing. SEZs have played a pivotal role in amplifying these effects in Vietnam. Tafese et al. (2025) demonstrate that SEZ expansion has facilitated a rapid transition from own-account and family-based agricultural work to wage employment in foreign-owned manufacturing firms. Importantly, SEZs have generated substantial local spillovers, improving wages and formal employment opportunities not only within SEZ firms but also in household businesses and domestic firms. Women, in particular, have benefitted heavily from these broader labour-market shifts.

In summary, while GVC participation has had broader effects on local labour markets in both Ethiopia and Vietnam, the scale and breadth of such impacts have markedly differed. In the Ethiopian case, they have been relatively localised and sector-specific; in Vietnam's, however, transformative changes have ensued across its labour market, reflecting its more advanced stage of GVC participation and deeper integration into global production networks.

6. Conclusion

This chapter has assessed the impact of GVC participation on decent work. This has been achieved by drawing on the cases of Ethiopia and Vietnam, illustrating each country's rapid integration into GVCs but also the stark differences regarding respective patterns of integration and their implications for workers. Ethiopia's GVC integration has focused primarily on agriculture and low-value T&A manufacturing, as driven by a centralised strategy based on IP expansion. Vietnam, in contrast, has pursued a decentralised and diversified approach hereto, leveraging a wide network of SEZs to integrate deeply into various manufacturing GVCs, particularly in electronics and T&A.

Using the conceptual framework presented in this chapter, we distinguished between direct and indirect impacts here, combining micro and macro perspectives in assessing the implications of GVC integration for decent work. Our findings show clear differences in working conditions in jobs linked to GVCs, i.e. the direct channel, between the two countries. In Ethiopia, GVC jobs, particularly in the T&A sector, often fall short of decent work standards, with wages barely above those in agriculture and minimal labour protections. In Vietnam, by contrast, GVC jobs in both T&A and electronics provide significantly higher wages and better working conditions than most local alternatives, reflecting the country's more advanced stage of GVC integration and stronger labour-market institutions.

The analysis also showed that the broader labour-market effects hereof, which operate through direct GVC job creation and indirect spillover effects, differ between the two countries. In Ethiopia, these impacts remain localised, with migration out of agriculture largely confined to places nearby expanding IPs. Studies find very limited manufacturing expansion and spillovers of IPs, of FDI and other measures to open up the economy. In contrast, Vietnam's GVC integration has had transformative effects, driving structural shifts from informal agricultural to formal manufacturing employment and raising productivity and wages across sectors. These shifts are strongest in SEZs – the 'focal zones' of integration – but do also spill over to the economy at large. This contrast highlights the importance of the scale and depth of GVC integration, sectoral dynamics, institutional frameworks and local labour-market conditions in shaping both the direct and indirect consequences of GVC participation.

Three critical insights emerge from this chapter. First, the sharp differences in labour-market outcomes for similar jobs in the same sector across countries highlight the need to carefully assess the quality of work performed as part of GVCs. Not all jobs in apparel GVCs are bad – as in Vietnam, where related wages are above average industry- and economy-wide counterparts – but some indeed are. In Ethiopia, jobs in apparel GVCs are not even better than other local opportunities, which often tend to offer poor working conditions and low wages. Second, wages may not remain so low in Ethiopia's firms participating in GVCs. Even in the apparel industry, a domain characterised by fierce price competition, Vietnamese workers have experienced very substantial income gains over time, in line with and even above those seen in other sectors in the country. Third, and relatedly, the broader indirect effects of GVC participation, such as structural shifts in employment and economic spillovers, are as important as direct job outcomes – or even more so besides. The conceptual framework we introduced thus provides a useful tool for capturing these multidimensional effects and different levels of impact.

The findings also have several policy implications. For Ethiopia, it is still too early to judge whether its attempts to integrate into global markets have been a success or failure. However, a key lesson from the experience of the last decade is the need to strengthen the broader linkages between GVCs and the local economy, as well as to improve working conditions within GVC-linked industries. Ethiopia's apparel industry – or its other manufacturing sectors in the future – has to strike a better balance between retaining competitive labour costs and offering improved working conditions, including through compliance with core standards and investment in skills development. This could be a first step towards the benefits of GVC integration diffusing more broadly across the entire economy. However, creating spillovers at scale will require much more than a narrow focus on IPs, including investment in education and infrastructure as well as a political and policy environment conducive to private investment. Vietnam began its integration into GVCs at least a decade earlier than Ethiopia and has since achieved remarkable economic gains. The country's success is the results of many reforms and policies – with its SEZ programme only one important element among many. The key challenge for Vietnam now is to sustain this success while moving up the ladder and improving its position within GVCs. At the same time, fostering stronger linkages with informal and vulnerable workers – who remain outside the formal GVC sectors – will be essential to ensure inclusive and equitable development.

Taken altogether, this highlights the importance of formulating context-specific policies that take into account both the core characteristics of the GVC in question and the institutional and labour-market dynamics of the country involved. Future research should further explore the interplay of these factors and assess how tailored policies can maximise the benefits of GVC participation while promoting decent work for all.

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