

## **Growing importance of large transnational first tier suppliers in global value chains**

SASE 2016 Session proposal

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The role of large transnational first tier suppliers in global value chains (GVCs) is changing. Rather than the conventional image of relatively powerless suppliers facing giant global brands, large first tier suppliers are emerging as powerful players in their own right. This is seen in a variety of global industries such as electronics, garments, and agro-food chains (Azmeh et al. 2015). Yet, there is little research on the rise of large first tier suppliers and what it means for the governance of GVCs (for exceptions see Applebaum 2008; Gereffi 2014; Azmeh and Nadvi 2014; Merk 2012). Large first tier suppliers can change power relationships and dynamics vis-a-vis brand firms thereby upsetting traditional ideas of “lead firms” in the GVC literature. With increased capabilities in production, chain organization, technology and innovation, and financial might, large first tier suppliers are shaping their own roles within GVCs and outcomes for participating countries, firms, and producers.

In some cases, such as in the garments industry, large first tier suppliers have established new GVCs and emerged as brand firms in emerging markets (Azmeh et al. 2015). Their business strategies can impact entry and upgrading opportunities and prospects for second or third tier suppliers as is the case for example in export-oriented garment industries in Sub Saharan Africa (Morris and Staritz 2014; Morris et al. 2015). In agro-food chains, such as the cocoa and coffee industries, large first tier suppliers have changed the dependency equation between buyers and suppliers leading to bi-polar governance structures in GVCs (see Fold 2002; Talbot 2002; Kaplinsky 2004; Ponte and Daviron 2005). Further, powerful international traders can complicate governance structures for example via financial markets in agro-food and commodity chains more generally (see Staritz et al. 2015). First tier suppliers’ increasing control over the organisation of GVCs has also implications on labour and environmental governance within global industries. For example, large first tier suppliers in the electronics industry are increasingly accused of labour violations and have become increasingly implicated in labour governance measures and compliance mechanisms (see Raj-Reichert 2011). These examples support ideas around multi-polar governance that extend beyond brand firms in GVCs as has been recently discussed by Ponte and Sturgeon (2014).

This session calls for papers that focus on the rise, and changing roles, of first tier suppliers in GVCs. What might this imply for the changing geographies of where GVCs land; for the

end-markets that GVCs feed into; for different kinds of sectors; for the nature of governance and power relations within GVCs; for the potential for entry and upgrading for other suppliers and producers within GVCs; for the promotion of labour and environmental standards within GVCs; and the wider implications for 'social upgrading' and development? These are some of the (and not exhaustive) questions that need to be critically addressed through new research. For this panel, within the overall framework of GVC research, we are interested in papers that can discuss empirically or engage theoretically in novel ways around how first tier suppliers are changing GVCs and their roles in them. We particularly welcome papers that can demonstrate how these changes affect the following issues in GVCs:

- power dynamics vis-à-vis brands and other suppliers
- concept of 'lead firms' in global value chains
- emergence of new brands by first tier suppliers
- innovation, technology, and upgrading
- growth of first tier suppliers through mergers and acquisitions and other financial assets and activities
- labour and environmental governance and outcomes
- emerging markets as consumption and production locations
- South-South value chains
- regional value chains

We are planning to organize two panels as part of Research Network O – Global Value Chains at SASE 2016. If you are interested in participating in a panel, please send an abstract no longer than 500 words to Shamel Azmeh ([c.azmeh@lse.ac.uk](mailto:c.azmeh@lse.ac.uk)), Khalid Nadvi ([khalid.nadvi@manchester.ac.uk](mailto:khalid.nadvi@manchester.ac.uk)), Gale Raj-Reichert ([gale.reichert@manchester.ac.uk](mailto:gale.reichert@manchester.ac.uk)), and Cornelia Staritz ([c.staritz@oefse.at](mailto:c.staritz@oefse.at)) by 31 December 2015. Please note that we are aiming for abstracts suitable for a journal special issue. Therefore, we also request **full papers** (in draft form is acceptable) no longer than 10,000 words including references to be submitted to the organisers before 1 May 2016.

## References

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14. Talbot, J. M. (2002) 'Tropical commodity chains, forward integration strategies and international inequality: coffee, cocoa and tea', *Review of International Political Economy*, 9(4): 701-734.