IOSR Journal of Economics and Finance (IOSR-JEF)
e-ISSN: 2321-5933, p-ISSN: 2321-5925. Volume 11, Issue 6 Ser. V (Nov. – Dec. 2020), PP 28-35
www.iosrjournals.org

Impacts Of Fdi On The International Division Of Labour Following The Global Value Chain Of The Countries Along The Belt And Road Initiative

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Abstract
The article is based on outward foreign direct investment(OFDI) and the data in the period of 13 years from 2005 to 2018 to analyze the international division of labour according to the Global Value Chain (GVC) of 28 countries along the line "one belt – one road", as well as study positively the impacts of OFDI with various motivations on the increase of the host country's status in global value chain, and presents internal mechanisms. The results reveal that: OFDI heterogeneous motive has a positive influence on the position in the global value chain of all recipient countries in general and high income countries in this sample in particular. Meanwhile, OFDI aiming to find markets and resources has no obvious effects on the international division of labor along the global value chain. As a result, Vietnam should rely on its availability of resources along with the difference in economic development level as well as income level of the above countries to apply foreign direct investment strategies apart with different motivations, encourage businesses to boldly "step out", promote the increase in international labor division following GVC of those countries along the line "one belt - one road".

Key words:*Foreign direct investment, "belt – road", international labor division, global value chain.*

Date of Submission: 29-11-2020 Date of Acceptance: 14-12-2020

I. Introduction

Along with the increasingly development of the internationalization process, the nationality distinction between enterprises has become blurred, the division of labor and international production in the global value chain (GVC) has become the main stream. In the global trading economy, the role of transnational companies becomes increasingly important. The "step out" strategy indicateds that Outward Foreign Direct Investment (OFDI) is not only the movement of capital but also the whole of production factors such as management experience, technology, human resources. OFDI makes the link of production and internationalization split, thereby implements the global redistribution of factors of production, fosters more and more countries participate in the " global value chain" system, exert a significant impact on the economic development of the host country. In 2013, Chinese President Xi Jinping announced the "One Belt, One Road" initiative. Since then, China has steadily boosted its investment to developing countries along the belt. Therefore, they also face differences in economic development level, availability of resources as well as disparities in investment incentives, creating disparate effects in enhancing the international division of labor following global value chain in the host country. However, there are not many studies on the effect of a country's OFDI on the status of a recipient country in the GVC.Therefore, this article aims to: based on the "One Belt, One Road" initiative, combined with heterogeneous OFDI incentives, studying the relationship between OFDI and status in GVCs of recipient countries along the "One Belt, One Road" line in the context of globalization.

II. Literature review

On the issue of OFDI's influence on the status in international labor division following GVC, a wide range of studies focus on the home country, a modest number of studies focus on the host country. Most studies show that OFDI exerts a positive impact on the position assignment in the global value chain of the host country.For example, Giuliani (2005) found that OFDI countries have a cumulative effect, furthermore, have positive relation to enhancing status in the global value chain. Andreff (2009) contends that OFDI is not only a necessary condition of a country participating in the GVC, but also an important way to enhance a country's

position in the GVC. Andreff (2009) holds onto that OFDI is not only a necessary condition of a country participating in the GVC, but also an important way to enhance a country's position in the GVC. Studies by Blyde (2014) indicate that OFDI can help production move to the country with the most optimal resource reserves, through worldwide decentralized production to control production costs to improve production, thereby promoting an improvement in position on the global value chain. YangLiLi (2016) classified manufacturing industry into two types, being labor-intensive and capital-intensive, using vertical division of labor as a representative variable of labor division following GVC. The results reveal that OFDI has a boosting effect on the position of Chinese manufacturing industry in GVC.

Besides, there are also many studies showing opposite results.For example, Herzer (2012) took factor productivity as an indicator of a country's position in the GVC to empirically study foreign direct investment in 44 developing countries. The results show that it cannot be concluded that OFDI promotes statusin GVC.

It is clearly that the number of studies on the influence of OFDI on the status in the international division of labor of the host country following the GVC is quite small. LiMin, ZhaoJing (2018) pointed out that receiving FDI will make developing countries with a relatively low position in the GVC gain a positive incremental effect.

This article uses data of China's foreign direct investment to countries along the line "One Belt, One Road".The difference of this article is studying the effect on the host country's position in the GVC, studying further the effects of the different incentives of OFDI on the host country's position in the GVC as well as the impact mechanism. The article not only has a certain referential value for investment of countries along the line, but also has some theoretical significance for research in the field of value chain, foreign direct investment.

III. The impact mechanism and hypotheses

OFDI has many different motivations (causes), so the mechanism of effect of these OFDIs on a country's position in the GVC is not the same.OFDI incentives can be divided into four categories: market expansion; resource search, science and technology search; improve productivity. Thus, this article will derive from these four approaches to consider how OFDI affects the position in the international division of labor following the GVC of countries along the line "One Belt, One Road".

(1) OFDI aims to find and expand the market

This type of investment mainly consists of two types: (i)The goal is to invest in exporting commercial services to foreign markets; (ii) Investment in production: The investing country will choose to expand production and consumption in the host country or export to a third country from there. Any case of investment will have a stimulus impact of demanding on the host country, making the industry structure shift in a positive direction, production and consumption reach new heights, while also promoting optimization of competitive advantage, thereby enhancing the position of the home country in the GVC. Based on these analyses, this article proposed the following hypotheses:

Hypothesis 1: OFDI aims to expand markets that are positively correlated with promoting position in the GVC of the host country.

(2) OFDI aims to find resources

This type of investment is mainly aimed at finding resources of the host country to improve efficiency in the manufacturing industries of the host country. In general, in order to collect as much resources as possible, the investing country will provide human resources, capital, equipment, technology, ... at the same time, and coordinate with local enterprises to exploit. In this process, the host country will have the opportunity to acquire innovative techniques, managerial experience and experts, and promote specialized production of domestic industries/sectors, from which boost exports. Therefore, it is hypothesized as the following:

Hypothesis 2: OFDI points to seeking resources that are positively correlated with promoting position in the GVC of the host country.

(3) OFDI seeks to transfer science, technology - technique

In general, when the investing country conducts OFDI in order to seek technology transfer to the host country, it is mainly because of intenting to attract talent by using advanced research and development capabilities. However, this is constrained by the fact that several investment recipient countries whose economic status is relatively undeveloped. Because in order to improve the competitiveness of export products, enterprises of the home country will transfer advanced technologies, thus capital, human resources, managerial and technical experiences are also transferred. With regard to enterprises of the host country who are at the low level in the global value chain could learn, even simulate or imitatethe way of competition, training human resources, thereby improving the level of science and technology, human resources, productivity and raising the position in the GVC. We, therefore, have the third hypothesis:

Hypothesis 3: OFDI seeks to transfer science, technology and technique positively correlated with promoting position in the GVC of the host country.

(4) OFDI aims to improve productivity

This theory was originally proposed in the marginal industry shifting theory of Kojima Kiyoshi (1984). This type of investment means: a country that, due to the relatively high costs of factors of production, results in a relatively outdated production process or a loss of a comparative advantage in international trade.This type of investment means: a country that, a country with relatively high factor-of-production costs due to a relatively outdated production process losing its comparative advantage in international trade. Therefore, they want to search in other countries for relatively lower cost production factors, through optimizing the allocation of factors to improve productivity, thereby creating an impact on promoting empowerment in the GVC. Regarding to recipient countries, in the process they will export a large amount of intermediate goods to the investing country, promote indirect value-added exports. In addition,as the importing countriesrequires much use of intermediate goods of the host country, the latter will export finished goods to the former through outsourcing. These are of benefit to enhancing the status of the host country in the GVC.Based on these analyses, we have the forth hypothesis:

Hypothesis 4: OFDI aims to boost productivity positively correlated with promoting position of the host country in the GVC.

IV. Research Methods

4.1. Model building

To study the effects of OFDIs with different motives on the position of recipient countries in the GVC, this article is based on the relevant research papers, and select the most appropriate variable, to construct two equations as follows:

$$GVC\_P_{it} = \beta_0 + \beta_1 OFDI_{it} + \beta_2 FSL_{it} + \beta_3 IL_{it} + \beta_4 Inst_{it} + \varepsilon_{it} \quad (1)$$

$$GVC\_P_{it} = \beta_0 + \beta_1 OFDI_{it} * X_{it} + \beta_2 FSL_{it} + \beta_3 IL_{it} + \beta_4 Inst_{it} + \varepsilon_{it} \quad (2)$$

Where:

i is country

t is time

X_{it} is the index showing the different investment motivation

$OFDI_{it} * X_{it}$ is the cross index between OFDI and different incentives

ε_{it} is residual

The research subject of the paper is OECD - WTO which publishes TiVA data set, including 28 countries along the line "One Belt, One Road: Czechoslovakia, Estonia, Greece, Hungary, Israel, Latvia, Lithuania, Poland, Slovakia, Slovenia, Turkey, Brunei, Croatia, Cyprus, Singapore, Philippines, Romania, Bulgaria, India, Cambodia, Indonesia, Kazakhstan, Saudi Arabia, Malaysia, Russian Federation, Thailand, China, Vietnam.

4.2. Data sources and measurements

The article uses data from 2005-2018 of 28 countries along the "Belt and road" route to investigate the relationship between OFDI and its position in the GVC. In which, assessing the impact of OFDI on the position assignment in the global value chain is a long-term process. the Position Index in the GVC is cited from the OECD-WTO publishingthe TiVA database in December. At the same time, the article also adds control variables such as the development level of the financial industry, the basic construction design industry, the social regime. Data on social regime are cited from Fraser Institute, others are cited from World Bank (WB).

4.2.1. Dependent variable - Position in the global value chain: GVC_P

The article applies the calculation method of Koopman's commercial value added (2014), as follows:

$$GVC\_P = \ln\left(1 + \frac{IV_r}{E_r}\right) - \ln\left(1 + \frac{FV_r}{E_r}\right) \quad (3)$$

Where:

GVC_P is the indicator of the position assigned by the global value chain, which represents how high / low a country's manufacturing industry is in the GVC. That the index is greater than 0 means that this country's manufacturing industry is upstream in the GVC, and it can obtain a relatively high added-value; When this index is less than 0, the country's manufacturing sector is in the downstream position, most of the manufacturing industries attended at the outsourcing stage, thus they can obtain relatively little amount of added value.

E_r is theamount of value added in exports of manufacturing industry r in a country.

IV_r is the value added in exports of intermediate goods of manufacturing industry in one country through a processing country for exporting to a third country. This variable represents the indirect added value of the total export value of a country's manufacturing sector r.

FV_r is the added value of the foreign country in the final export value of a country's manufacturing sector r.

4.2.2. Major independent variables - OFDI with different incentives

In general, there is no unified standard for the measurement of OFDI incentives. Based on the research literature review, there are studies applying the indicators of the host country such as OFDI to search markets: How much GDP is generated by the natural logarithm of each unit of capital (Eicher T. S, Helfman I., Lenkoski A. Robust (2012), Eicher T. S, Helfman I., Lenkoski A. Robust (2012), FDI determinants: Bayesian Model Averaging in the presence of selection bias, Journal of Macroeconomics, Vol.34, No.3, pp. 637-651), population density, GDP per capita, GDP; OFDI aiming at finding resources:the indicator of mineral and energy rent, propotion of energy and minerals in total exports, territorial acreage and fuel energy consumption; OFDI seeks to transfer science, technology - techniques: high proportion of technical exports, shares of research and development (R&D) fees in GDP; OFDI seeks to improve productivity: share of public education expenditure in GDP, average income of people …

Based on the ability to collect data, the survey on GDP per capita standing for the living standard of the people indicates that the size and market potential of the host country as well as the available resources of a country can be reflected through the size of its exports; Technical level can be assessed by the proportion of research and development investment; per capita income can act as the indirect substitution variable measuring the cost of labor in the host country, reflecting the country's labor price advantage. This article uses variables to measure market search incentives, resources, science technology - engineering transfer, productivity improvement, including: GDP per capita (pGDP), share of energy and minerals in export turnover (Res), share of budgetary spending on research and development in GDP (RD), gross national income per capita (pGNI).Correspondingly, the cross-indexes of OFDI with the divergent incentive indicators being OFDI * pGDP, OFDI*Res, OFDI*RD, OFDI*pGNI, These indicators in turn represent the OFDI for market search, OFDI for resource search, OFDI for science-technology search and transfer, OFDI for improving productivity.

4.2.3. Control variables

– *Financial service industry development level (FSL)*

FSL is expressed as: share of private credit in GDP;

- *The country's infrastructure level (IL)*

IL is measured by communication level, ie the number of mobile phones and landlines per 100 people.

- *Institution indicator*

This indicator is measured by the economic freedom, the value range is in the range 0 - 10, the higher the index is, the higher the performance of the government of that country will be.

4.3. Describe the variables

The statistical variables are described in Table 1:

Table 1. Description of variables

Variable	Number of observations	The average value	Standard error	Minimum value	Maximum value
GVC_Position	324	-0.0287	0.1104	-0.2435	0.2279
OFDI	324	12.6401	34.8113	0.0010	334.4564
OFDI*pGDP	324	30.5204	169.9996	0.0012	1847.6420
OFDI*Res	324	409.5449	1189.7550	0.0078	9680.5380
OFDI*RD	324	14.4983	67.1805	0.0005	719.4835
OFDI*pGNI	324	28.0606	154.9855	0.0013	1694.4400
FSL	324	66.4798	41.8085	8.9762	253.2620
IL	324	136.5924	39.1254	8.2514	207.6391
Institution	324	7.1222	0.5318	6.1900	8.9800

Source: Author’s calculation

V. Empirical testing and analyzing results

5.1. Overall level

To realize the multi-collinearity phenomenon, we take the Variance inflation factor (VIF) to determine the correlation between the independent variables and the strength of that correlation.Through the stata test we find that the maximum value of VIF is 1.93, much smaller than 10, so there is no multicollinearity in this model. The empirical analysis uses panel data, based on the P value of the Hausman test to make a model selection judgment. Except for the regression model (1) that applies random effects (RE), the remaining regressions are fixed effects (FE), as shown in Table 2:

Table 2. Mixed model

Regression model	(1)	(2)	(3)	(4)	(5)
	RE	FE	FE	FE	FE
OFDI	0.0002 (***) (0.0001)				
OFDI*pGDP		0.00003(**) (0.00001)			
OFDI*Res			5.68e-06*** (1.94e-06)		
OFDI*Tech				0.0001*** (0.00003)	
OFDI*pGNI					0.00003** (0.00001)
FSL	-0.0003*** (0.0001)	-0.0003** (0.0001)	-0.0002* (0.0001)	-0.0003** (0.0001)	-0.0003*** (0.0001)
IL	0.0002*** (0.0001)	0.0002*** (0.0001)	0.0001** (0.0001)	0.0002*** (0.0001)	0.0002*** (0.0001)
Inst	0.0147* (0.0649)	0.0230** (0.0091)	0.0208** (0.0091)	0.0223** (0.0091)	0.0228** (0.0091)
-cons	-0.1377** (0.0649)	-0.2037*** (0.0633)	-0.1848*** (0.0633)	-0.1981*** (0.0631)	-0.2028*** (0.0633)
R^2	0.1106	0.0928	0.1029	0.0987	0.0938
Hausman	0.1046	0.0549	0.0272	0.0992	0.0550

Note: (***), (**), (*)denote the standard error of the regression coefficient at 1%, 5%, 10% respectively.

In model (1), the regression coefficient of OFDI has a positive value (> 0), through the test with standard error of 1%. This shows that a country investing directly in countries along the "belt, road" can enhance its position in the global value chain.

Followed by models from (2) - (5): In model (2) & (5), the regression coefficient of OFDI seeking to search for markets, and OFDI seeking to improve productivity has reached positive values, and all passed the test with 5% error, meaning a country directly invests in countries along the "belt, road" with the aforementioned two goals will be able to boost its position in the GVC; In model (3) & (4), regression coefficient of OFDI for resource search, OFDI for search and technical transfer are positive, and through test with standard error of 1%, that is, a foreign direct investing country with two aforementioned motivations can also enhance the position in the division of labor in the global value chain. This result is also consistent with the assumptions from 1 to 4 above.

Regarding to control variables, in model from (1) to (5), all control variables passed the test levels. Where, the coefficient of the variable FSL is negative, meaning that the increase in the development level of the financial services industry is not conducive to enhancing its position in the GVC. This is because this article uses data on the share of private credit in GDP to measure the development of this industry, whereas most countries along the "belt, road" are developing countrieswhose economy has a transition of the financial industry, with many potential risks and difficultly determined factors. Futhermore, their businesses also face inadequate investment motivation, high responsibility and slowly rotating source of capital. All of these things make the credit of the private economy have a negative effect, which is also detrimental to enhancing its position in the GVC. Next is the variable IL, the coefficient of which is positive, showing that improving the level of national infrastructure will have a boosting effect on the position in the GVC. Institutional variable (Institution) has a positive coefficient, that is, the more complete the institution is, the more beneficial it is to raise the status in the GVC of that country.

In addition, regarding the cointegration problem within the group, this article uses the Feasible Generalized Least Squares (FGLS), with the results being shown in Table 3. The variables in the regression models have results consistent with the above test, indicating that the estimated results above are completely feasible.

Table 3. General regression modelFGLS

Regression model	(1)	(2)	(3)	(4)	(5)
OFDI	0.0002 *** (0.00002)				
OFDI*pGDP		0.0001* (0.0001)			
OFDI*Res			6.94e-06*** (2.04-06)		
OFDI*Tech				0.0001*** (9.69e-06)	
OFDI*pGNI					0.0001** (0.00004)
FSL	-0.0003*** (0.0001)	-0.0003** (0.0001)	-0.0002* (0.0001)	-0.0003** (0.0001)	-0.0003*** (0.0001)
IL	0.0002*** (0.0001)	0.0002*** (0.00004)	0.0002*** (0.00004)	0.0003*** (0.0001)	0.0002*** (0.00005)
Inst	0.0232*** (0.0056)	0.0230*** (0.0063)	0.0184*** (0.0036)	0.0235*** (0.0054)	0.0223*** (0.0059)
-cons	- 	0.5870 (2.0295)	- 	0.6934 (1.7844)	-0.6406 (1.8360)

Note: (***), (**), (*)denote the standard error of the regression coefficient at 1%, 5%, 10% respectively

5.2. Subgroup countries

Grouping countries along the "Belt and Road" on an income basis, according to World Bank standards: a country with per capita income higher than 12,000 USD is classified as high income country, while a country with per capita incomeless than 12,000 USD is classified as middle-income and low-income country. Of the 28 researched countries, the group of high-income countries is included: Czechoslovakia, Estonia, Greece, Hungary, Israel, Latvia, Lithuania, Poland, Slovakia, Slovenia, Turkey, Brunei, Croatia, Cyprus, Singapore; The middle and low income groups include: Philippines, Romania, Bulgaria, India, Cambodia, Indonesia, Kazakhstan, Saudi Arabia, Malaysia, Russian Federation, Thailand, China, Vietnam.

As can be seen from Table 4, OFDI and OFDI with different motivations have a positive effect on the position in the GVC of high-income investment recipients; however, for middle and low-income countries, only OFDI seeking and transferring technology together with OFDI improving productivity have this positive effect, while OFDI seeking market and OFDI seeking resources do not have a noticeable effect. The reason may be that, in low-income and middle-income countries, income stratification is relatively low, cost of living is not expensive, resource exploitation is also low, so OFDI aiming to find market and resources cannot be maximized.

Table 4. Regression models of groups of country

Regression model	High-income country group					Middle and low income country group				
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
	RE	RE	RE	RE	RE	RE	FE	FE	FE	FE
OFDI	0.0002*** (0.0001)					0.0002* (0.0001)				
OFDI*pGDP		0.00003** (0.0000)					0.0002 (0.0001)			
OFDI*Res			0.00001*** (4.45e-06)					1.88e-06 (2.17e-06)		
OFDI*Tech				0.0001*** (0.00003)					0.0003** (0.0001)	
OFDI*pGNI					0.00003*** (0.00001)					0.0003* (0.0001)
FSL	-0.0002* (0.0001)	-0.0002* (0.0001)	-0.0002* (0.0001)	-0.0002* (0.0001)	-0.0002* (0.0001)	- 0.0006*** (0.0002)	-0.0005** (0.0002)	-0.0005* (0.0002)	- 0.0007*** (0.0002)	-0.0005** (0.0002)
IL	- 0.0003*** (0.0001)	-0.0003** (0.0001)	-0.0003** (0.0001)	-0.0003** (0.0001)	-0.0003** (0.0001)	- 0.0003*** (0.0001)	- 0.0003*** (0.0001)	- 0.0003*** (0.0001)	- 0.0003*** (0.0001)	- 0.0003*** (0.0001)
Inst	-0.0088 (0.0106)	-0.0086 (0.0106)	-0.0071 (0.0106)	-0.0091 (0.0106)	-0.0087 (0.0106)	0.0511*** (0.0149)	0.0570*** (0.0146)	0.0584*** (0.0147)	0.0523*** (0.0144)	0.0545*** (0.0146)
-cons	0.0742 (0.0807)	0.0714 (0.0808)	0.0683 (0.0805)	0.0754 (0.0807)	0.0719 (0.0808)	- 0.3557*** (0.1032)	- 0.4030*** (0.0968)	- 0.4132*** (0.0972)	- 0.3656*** (0.1001)	- 0.3849*** (0.0971)
R^2	0.0782	0.0751	0.0810	0.0804	0.0755	0.3231	0.3249	0.3181	0.3340	0.3346
Hausan	0.1776	0.1228	0.1170	0.1747	0.1228	0.1183	0.0446	0.0358	0.2001	0.0435

Note: (***), (**), (*)denote the standard error of the regression coefficient at 1%, 5%, 10% respectively, the value in () is t-value.

With regard to control variables: whether they are high or middle/low income countries, the regression coefficient of the FSL is negative, and has passed the test, consistent with the above analysis. As for variable IL, in high-income countries in the regression model (1) – (5), at 5% error, the regression coefficient is less than 0, revealing a negative correlation.Whereas in the group of middle / low income countries, at the 1% error, the regression coefficient is greater than 0, showing a positive correlation. The reaon could be explained as followed: In this article, the author uses the criterion of infrastructure as communication level, yet, the high-income countries along the "Belt and Road" line are mainly concentrated in the Arabian region, which are countries mainly exporting natural resources (oil), so transport infrastructure (such as berths, railways and roads ...) is especially important. Meanwhile, communication increased, from the perspective of high-income countries this is a kind of waste of capital, and also not of benefit to empowering in the GVC. However, from the perspective of low / middle income countries, due to the relatively backward level of infrastructure, there is a "multiplier effect", bringing stable long-term economic development to these countries/ territories.

The last control variable is institution, This variable has no significant effect on the group of high-income countries, but for middle / low-income countries, regardless of the motive of OFDI, the regression results are not clear at the error 1%, this is mainly because the level of economic freedom of high-income countries is often higher. From the perspective of the group of middle/low income countries, the institution is not quite complete, the level of economic freedom is not high, the institutional improvement can be useful for attracting foreign investment, providing more opportunities for businesses participateing at a higher level in the global value chain, thus having a positive impact on empowerment in the GVC.

In addition, the results of the FGLS test applied for the group of countries are shown in Table 5. The results in each model are consistent with the above results, showing that the estimate is reliable and feasible.

Table 5. FGLS test for subgroups of countries

Regression	High-income country group					Middle and low income country group				
model	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
OFDI	0.0002*** (9.70e-06)					0.0001** (0.0004)				
OFDI*pGDP		0.00003*** (1.76e-06)					0.0001*** (0.0002)			
OFDI*Res			0.00001*** (1.06e-06)					-1.61e-07 (4.66-07)		
OFDI*Tech				0.0001*** (4.63e-06)					0.0001*** (0.0004)	
OFDI*pGNI					0.00003*** (1.88e-06)					0.0001*** (0.0004)
FSL	-0.0001*** (0.00004)	-0.0001*** (0.00004)	-0.0002*** (0.00006)	-0.0001*** (0.00004)	-0.0001*** (0.00004)	-0.0007*** (0.00005)	-0.0007*** (0.00004)	-0.0007*** (0.00005)	-0.0007*** (0.0001)	-0.0007*** (0.00004)
IL	-0.0002*** (0.00004)	-0.0002*** (0.00004)	-0.0003*** (0.00003)	-0.0002*** (0.00004)	-0.0002*** (0.00004)	0.0001*** (0.00004)	0.0001*** (0.00003)	0.0001*** (0.00004)	0.0001*** (0.00004)	0.0001** (0.00004)
Inst	-0.0015 (0.0019)	-0.0016 (0.0020)	-0.0009 (0.0020)	-0.0017 (0.0019)	-0.0017 (0.0019)	0.0233*** (0.0036)	0.0241*** (0.0031)	0.0240*** (0.0035)	0.0232*** (0.0037)	0.0232*** (0.0035)
-cons	2.6534*** (0.6781)	2.4953*** (0.6792)	-	2.6353*** (0.6675)	2.5337*** (0.6711)	-8.6663*** (1.0910)	-8.2350*** (0.9000)	-9.6235*** (1.0623)	-8.6880*** (1.1525)	-8.5989*** (1.2046)

Note: (***), (**), (*)denote the standard error of the regression coefficient at 1%, 5%, 10% respectively, the value in () is the t-value.

VI. Conclusions and suggestions for Vietnam

In the context of economic development focusing on quality, along with the increasing speed of trade liberalization, foreign direct investment increasingly plays its importance. Developing countries participate in international cooperation and labor division not only for gaining benefits, but also for promoting their position in the global value chain. The article uses data from 2005 - 2018 to analyze and evaluate the position in the GVC of 28 countries along the "Belt and Road". Thereby, the article has empirically analyzed the positive effects of OFDI with different motivations of China on the position in the GVCs of these countries. The research shows that: First, in general, OFDI for market search, OFDI for resource search, OFDI for science, technology and engineering transfer and OFDI for productivity improvement have a clear positive effect on promoting position in the GVC of countries along the "Belt and Road"; Second, based on income level to group countries, it shows that, in the high-income countries group, OFDI and OFDI with different motivations have a positive influence on position assignment in the GVC. However, in the group of low/middle-income countries, only OFDI seeking transfer technology technology and OFDI improving productivity have a positive impact, OFDI with the remaining goals cannot have visible influences; Third, improving the level of national infrastructure and economic institutions exerts a positive effect on promoting the position in the GVC.

To be able to move up to a higher "ladder" in the GVC for Vietnam - one of the countries along the "Belt, Road"", some suggestions are proposed:

Firstly, encourage businesses having enough capability to invest directly abroad.Vietnam should rely on the availability of natural resources in the country together with the difference in economic development level as well as income level of the above countries to apply foreign direct investment strategies with different motivations, encourage businesses to boldly "step out", promote the increase in international labor division following the GVC of countries along the "one belt - one road" route.

Secondly, as a low/middle-income country, it should focus on improving the level of national infrastructure and improving the institution (economic liberalization level). The average localization rate of only 33% reveals that Vietnam's participation in the global value chain is still insignificant. At the second Annual Reform and Development Forum (VRDF 2019), Prime Minister Nguyen Xuan Phuc emphasized: Vietnam must rise up and promote dynamic and creative human resources, and boost the application of new science and technology to raise the level of quality, in order for more and more enterprises to be able to participate in the global value chain and receive new technology transfer, move on to the "ladder" of higher added value, and gain more when joining global value chain.

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Dr. Vu ThiOanh, et. al. "Impacts Of Fdi On The International Division Of Labour Following The Global Value Chain Of The Countries Along The Belt And Road Initiative." *IOSR Journal of Economics and Finance (IOSR-JEF)*, 11(6), 2020, pp. 28-35.