

## Global Supply Chains

### Acronyms and abbreviations

**APIs-** active pharmaceutical ingredients

**CRRC-** Chinese Railway Rolling Stock Corp

**DIB-** Defense Industrial Base

**DJI-** Da-Jiang Innovations

**DOD-** Department of Defense

**FDA-** U.S. Food and Drug Administration

**GDP-** Gross Domestic Product

**GSC-** Global Supply Chains

**ICT-** Information and Communication Technology

**IP-** Industrial Policy

**MIC-** Made in China

**MNCs-** Multinational Corporations

**PPE-** Personal Protective Equipment

**REE-** Rare Earth Elements

### Glossary

**Decouplment-** the process of disengaging and separating from something. Refers to U.S. efforts to split its economy from China. The goal of Decouplment would be for the U.S. to gain control over many of its lost manufacturing jobs that were taken over by China.

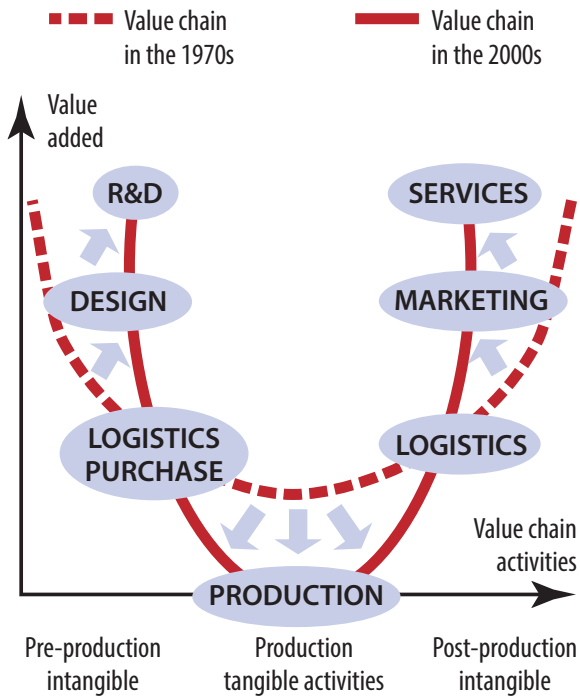
**Neo-mercantilism-** an economic policy that encourages domestic government to protect domestic industries by controlling tariffs and setting restrictions on trade.

**Outsourcing-** the process where multinational corporations will hire third parties to perform functions that the corporations themselves used to handle. Most outsourcing occurred within the manufacturing and customer support industries.

**Supply Chains-** term that refers to the interconnected network between a company and its suppliers to develop, produce, and distribute a product to be bought and sold. Supply chains were developed by companies to cut costs and increase production speed.

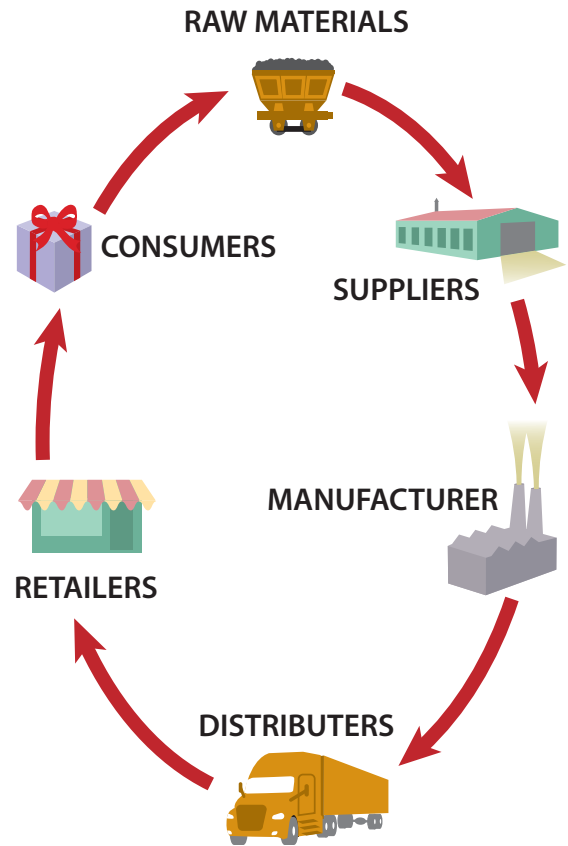
## THE SMILE CURVE

Value distribution along the global value chain



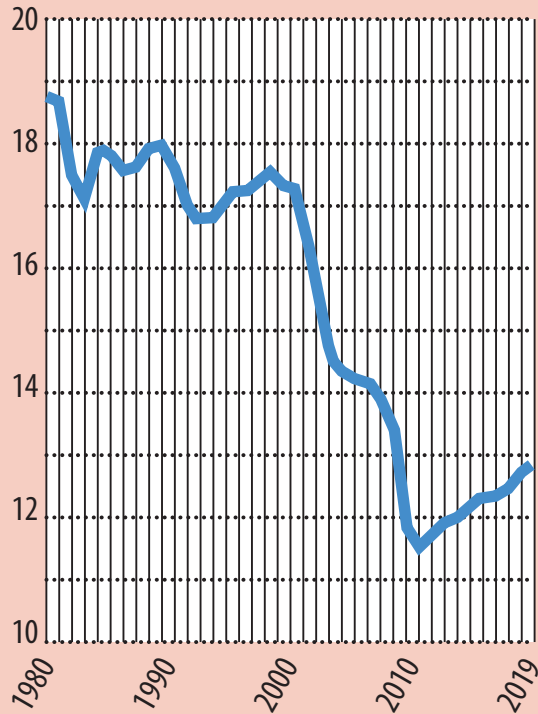
SOURCE: "INTERCONNECTED ECONOMIES BENEFITING FROM GLOBAL VALUE CHAINS", OECD 2013.

## A TYPICAL SUPPLY CHAIN



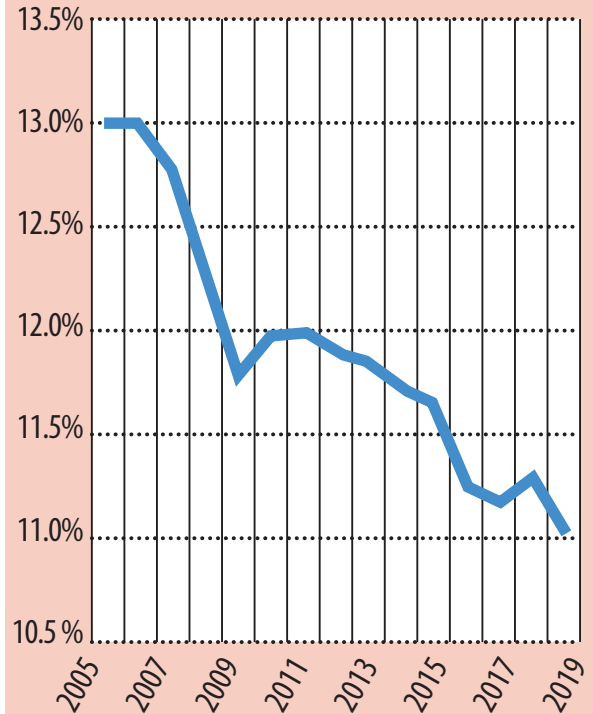
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## U.S. MANUFACTURING EMPLOYEES (in MILLIONS)



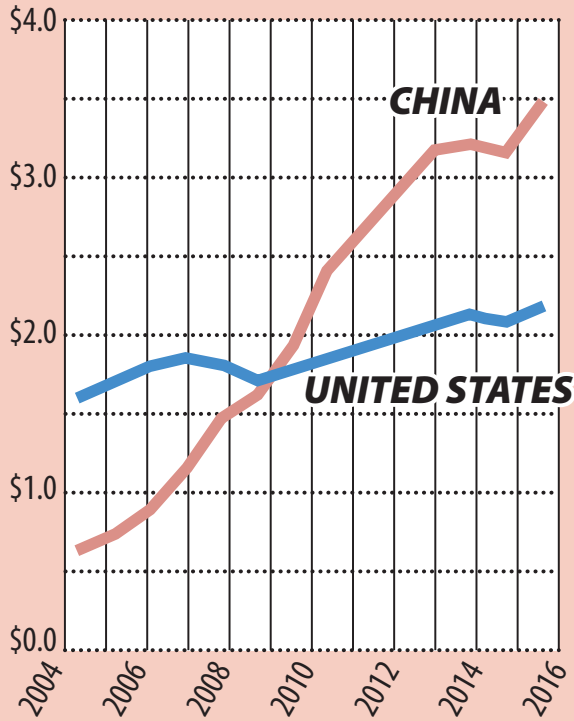
SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS. ALL EMPLOYEES, MANUFACTURING, THOUSANDS OF PERSONS, ANNUAL, SEASONALLY ADJUSTED. SEP 16, 2020

## U.S. MANUFACTURING (as a percentage of GDP)



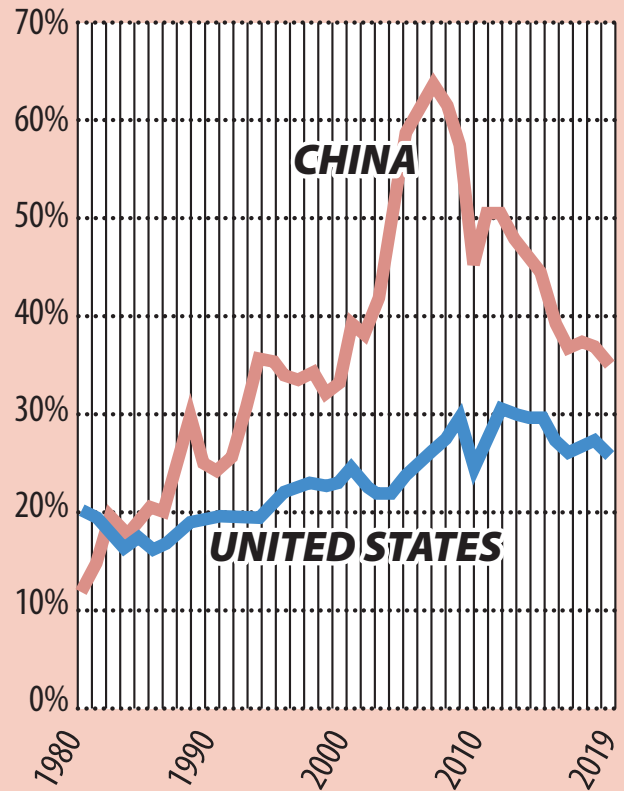
SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS. VALUE ADDED BY PRIVATE INDUSTRIES: MANUFACTURING AS A % OF GDP, PERCENT, ANNUAL, NOT SEASONALLY ADJUSTED. JULY 6, 2020

**U.S. AND CHINA  
MANUFACTURING  
OUTPUT, 2004 – 2016**  
(VALUE ADDED IN CURRENT  
U.S.D. TRILLIONS)



SOURCE: WORLD BANK. WORLD DEVELOPMENT INDICATORS, MANUFACTURING, VALUE ADDED (CURRENT US\$). SEP. 8, 2020.

**U.S. AND CHINA TRADE  
1980 – 2019 (by % of GDP)**



SOURCE: WORLD BANK. WORLD DEVELOPMENT INDICATORS, TRADE AS PERCENT OF GDP. SEP 8, 2020.