FEBRUARY 18, 2026
ESADE presentation
Jorge Sicilia

Global Value Chains (GVC): from efficiency to resilience

GVCs have faced a series of shocks… and yet, they have changed only slightly; hysteresis is due to huge sunk costs

- 2008 - 2009: Great Financial Crisis
- 2011 - 2013: Fukushima earthquake; Fire in Wuxi, China
- 2018: US tariffs (mostly on China): Trump 1.0
- 2020: Covid-19
- 2022: War Ukraine (& financial sanctions)
- 2025: US tariffs: Trump 2.0

More shocks are expected ahead, driven by different forces, reinforcing the shift from efficiency to resilience

Geopolitics

US-China rivalry and the end of the liberal order (weaponization of "leverage"). Most decisions shaped by national security concerns (uncertainty on its definition and how limits by trade offs will play out)

Trade and industrial policies

protectionism, mainly through higher tariffs and regulatory measures; more support to industrial policies

Key inputs: rare earths and others

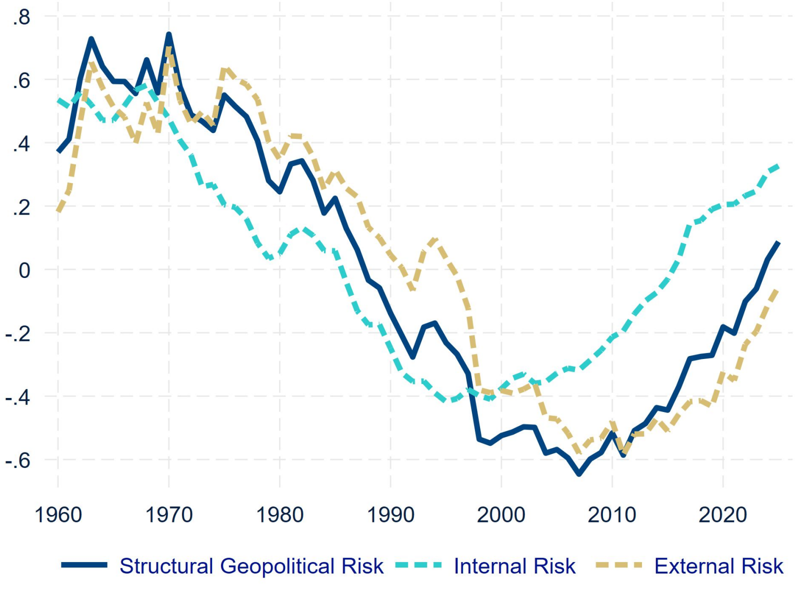
control of critical inputs, particularly for AI expansion; energy prices; labor shortages (ageing, migration policies...)

Technology

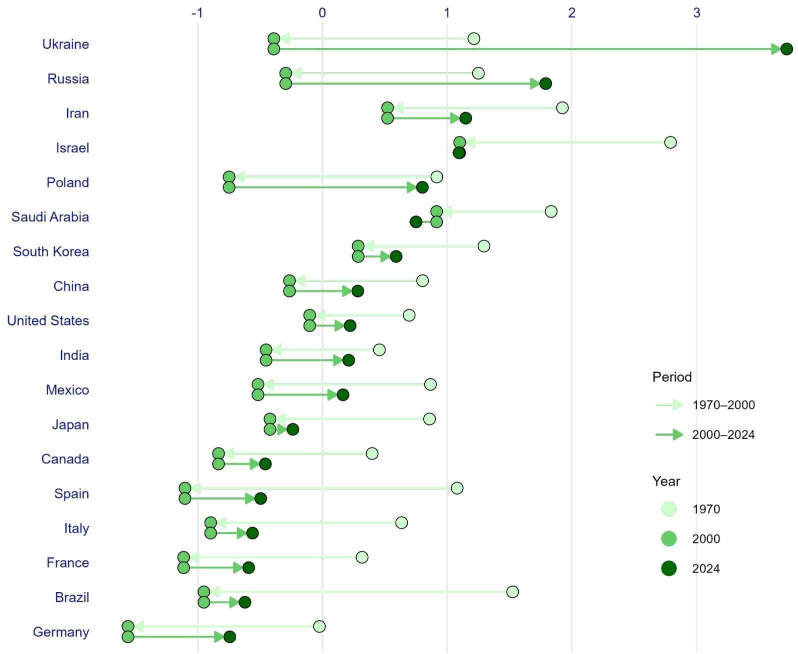
AI; cybersecurity threats; global financial architecture (mainly payments systems), FX and trade finance, especially relevant given the (i) dollar dominance and (ii) loose financial conditions and lengthy GVC link

Focusing on geopolitics, the world has been changing…

GLOBAL STRUCTURAL GEOPOLITICAL RISK
(1960-2024) (GDP WEIGHTED)



STRUCTURAL GEOPOLITICAL RISK BY COUNTRIES
(1960-2024) (GDP WEIGHTED)



Note: total geopolitical risk is calculated by equally-weighting internal and external risk.
Source: BBVA Research

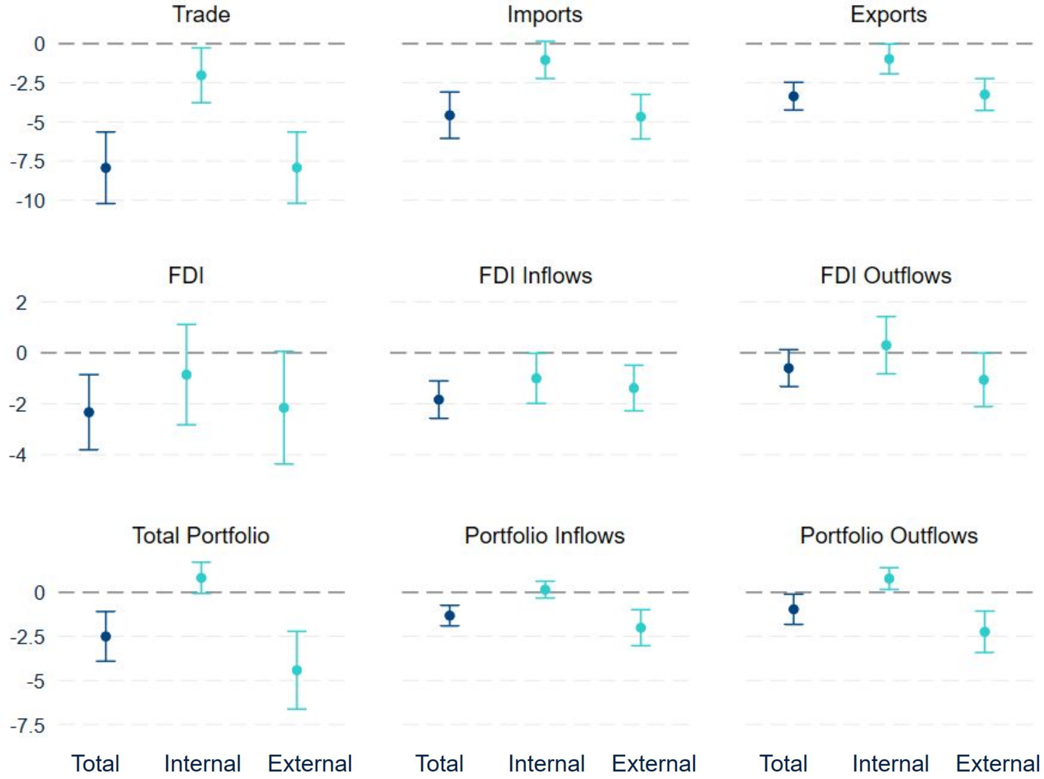
Higher geopolitical risk impacts trade and investment…

Trade

FDI

PORTFOLIO

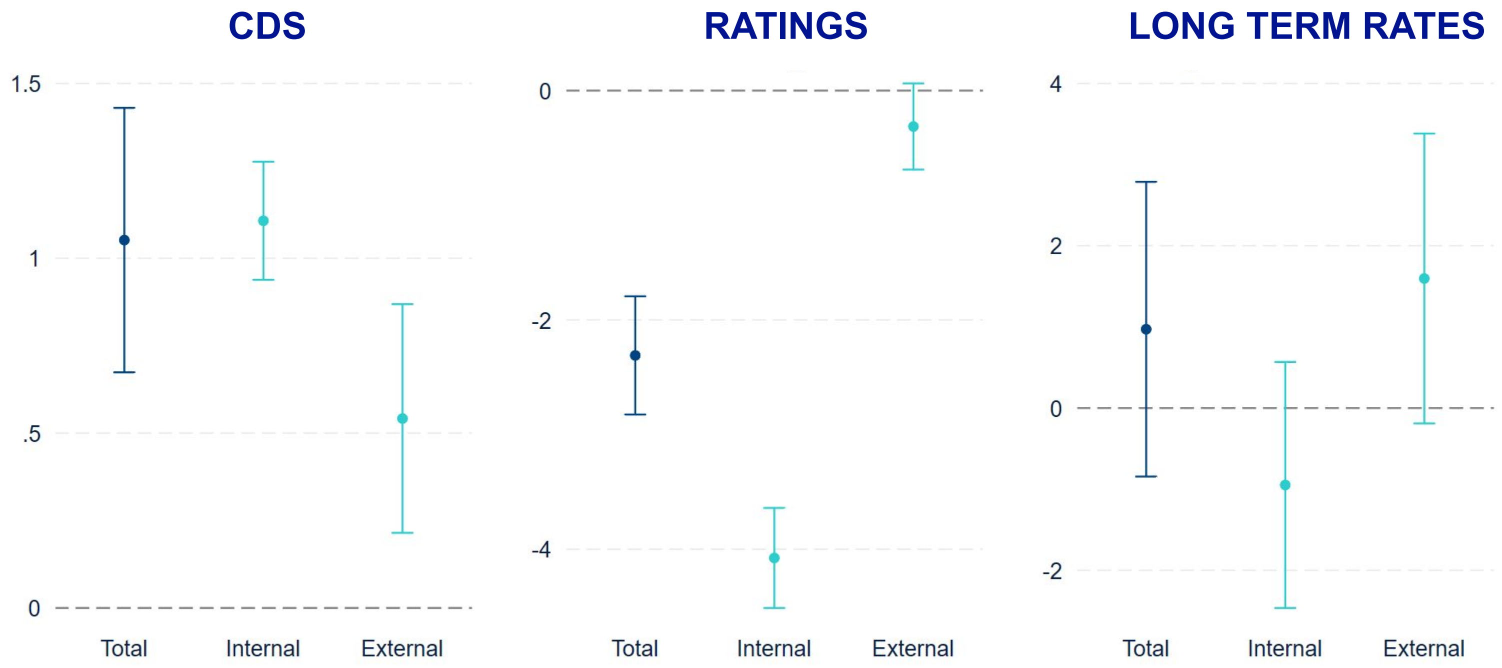
IMPACT OF SGR ON ECONOMIC OUTCOMES (% GDP)
(1960-2024; ACCUMULATED IMPACT)



Source: BBVA Research

… and also financial markets

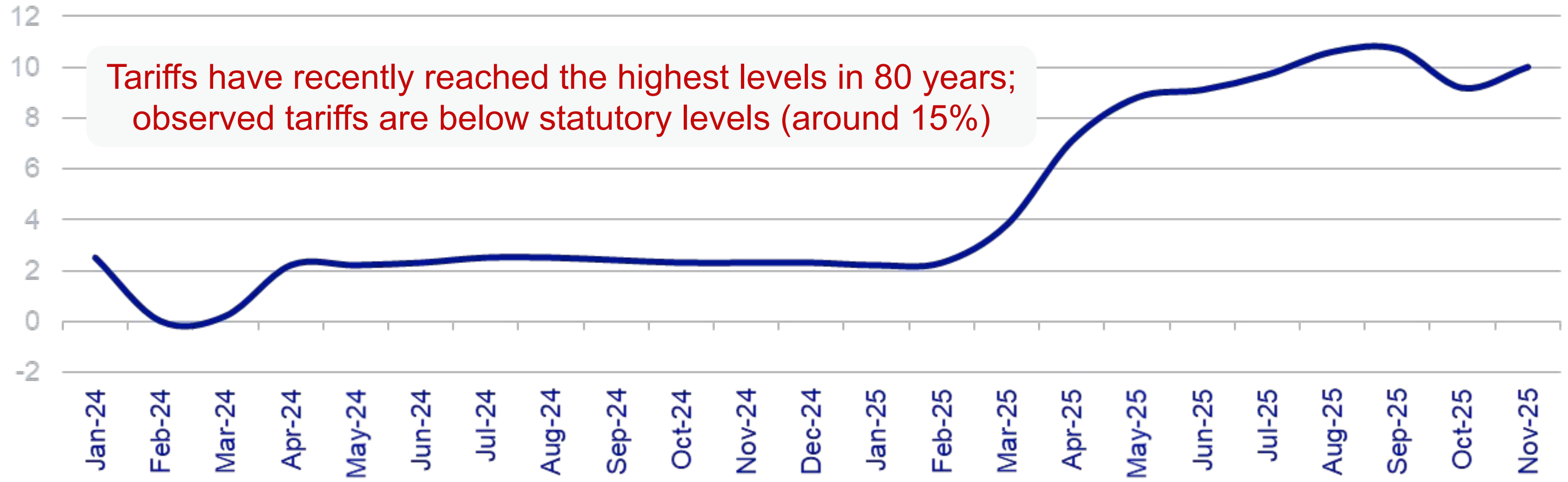
IMPACT OF SGR ON FINANCIAL VARIABLES (%; NOTCHES; %) (1960-2024; ACCUMULATED IMPACT)



Source: BBVA Research

US tariffs have risen sharply, but less than expected (due to reallocation effects and exceptions); uncertainty remains

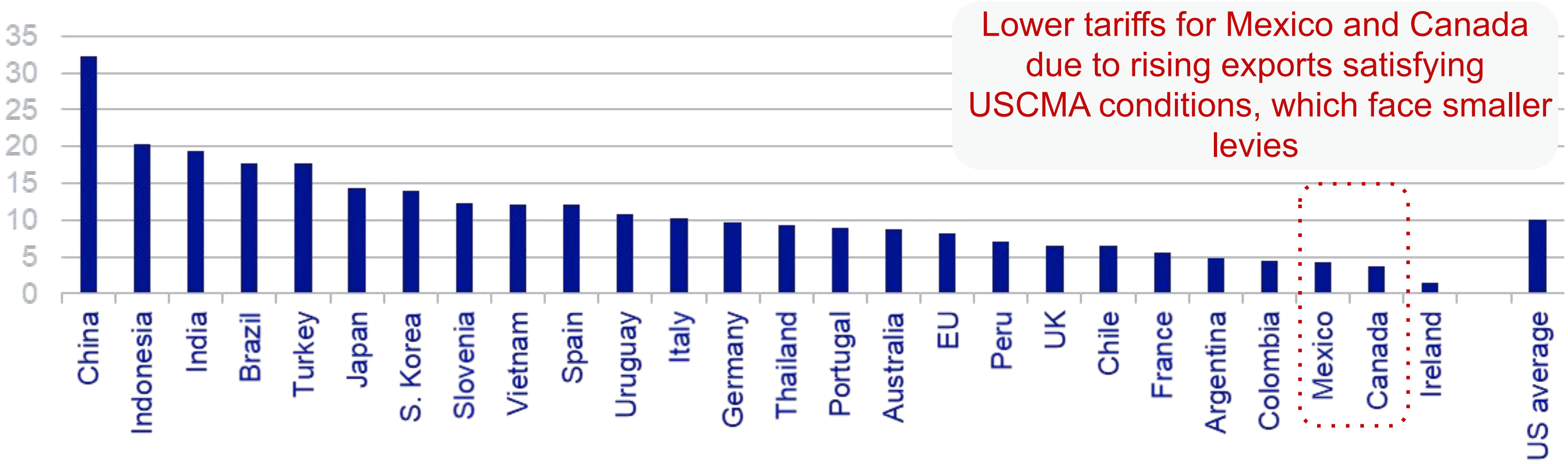
US EFFECTIVE TARIFFS
(PP, BASED ON US CUSTOMS DATA)



Source: BBVA Research based on data from the USITC

The focus of US tariffs has been on China, but other countries (mainly in Asia and BRICS) have also been hit

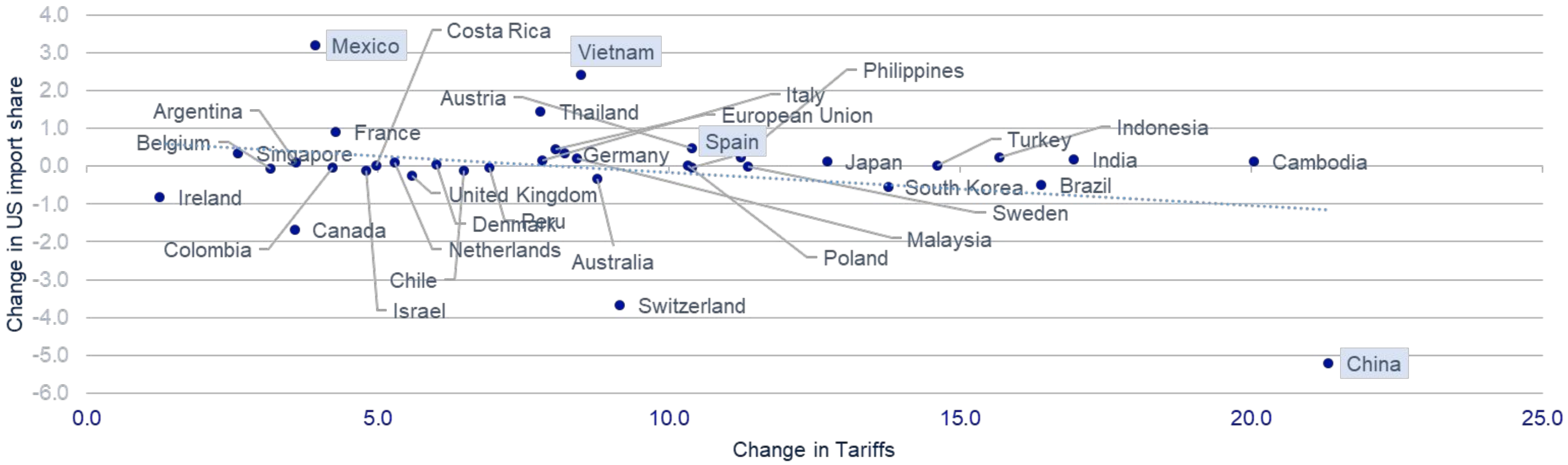
US EFFECTIVE TARIFFS, SELECTED COUNTRIES
(PP, BASED ON US CUSTOMS DATA)



Source: BBVA Research based on data from the USITC

Countries facing higher US tariffs are in general being hit the most; in China and Mexico other factors are at play

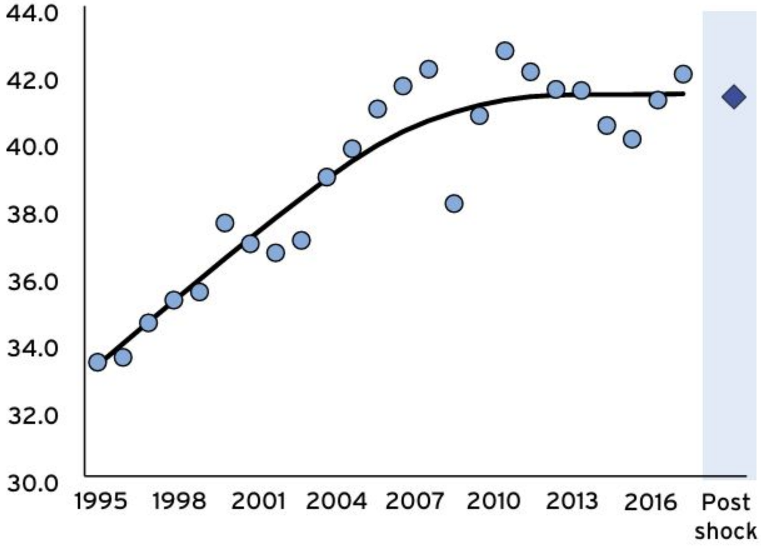
US IMPORT SHARE AND TARIFFS: CHANGES BETWEEN DEC/24 AND NOV/25
(PP, BASED ON US CUSTOMS DATA)



Source: BBVA Research based on data from the USITC

What should the impact of trade restrictions on GVCs be? Simulations by Conteduca el al (2025)

GVC-RELATED TRADE: HISTORICAL DATA AND POST-SHOCK VALUE
(SHARE OF TOTAL TRADE CROSSING MULTIPLE BORDERS)



- **No deglobalization**: GVC integration at the global level could be largely unaffected
- **Neutral countries deepen their participation in GVCs**: they act as connectors between blocs led by China and the US; Vietnam, Mexico, Philippines, and Singapore among the main winners
- **Regionalization**, mainly in affected sectors
- **More complex and lengthier GVCs:** direct exports between opposing blocs decline, but indirect flows rise significantly

Source: Conteduca et al. (2025). “Fragmentation and the future of global value chains” in “The State of Globalization”, edited by Richard Baldwin and Michele Ruta, CEPR

Trade reallocation: affected countries, have been able to place their exports in other markets, so far

EXPORTS OF GOODS (VOLUME), ACCUMULATED IN THE YEAR (2025): SELECTED COUNTRIES (*)

(Y/Y %)

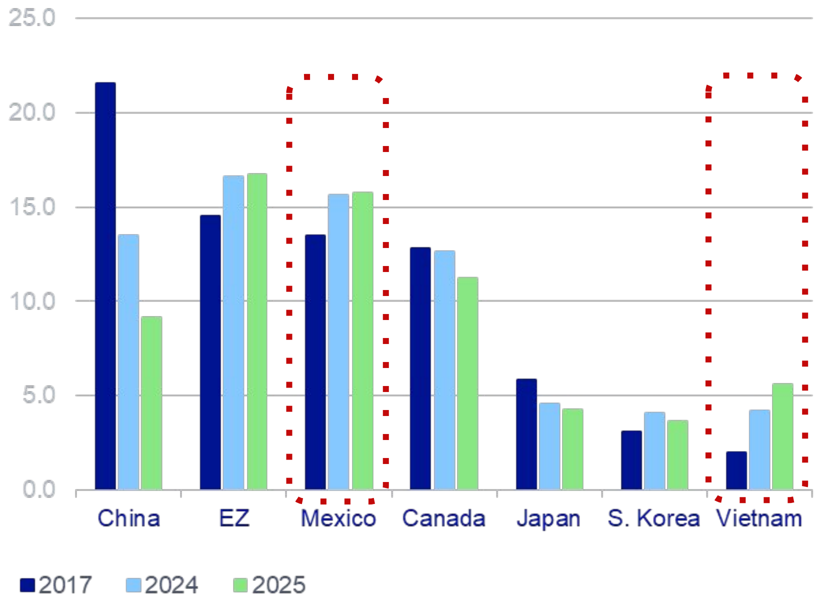
	America						Asia				Europe			
To\Origin	US	Canada	Mexico	Brazil	Colombia	Argentina	China	Korea	Japan	Viet Nam	Eurozone	Spain	Türkiye	World
USA	X	-9.1	8.2	-3.8	0.9	28.1	-16.6	-5.2	-1.5	28.0	7.5	-5.1	-3.6	5.4
Canada	-4.8	X	17.1	17.8	140.3	14.3	6.5	-2.4	-0.2	17.1	1.5	3.2	-10.6	NA
Mexico	-0.8	-5.2	X	0.3	-20.5	-17.1	2.1	-12.4	-0.3	28.7	1.2	-4.4	-7.3	0.9
Brazil	9.8	20.7	-5.1	X	-4.2	-6.3	2.5	35.1	8.2	4.6	0.7	0.3	-5.6	1.5
Colombia	3.9	NA	14.6	7.9	X	7.3	26.2	46.6	27.4	NA	14.8	9.7	-10.5	11.9
Argentina	9.6	NA	53.3	33.2	-1.5	X	59.4	47.5	24.0	57.7	15.1	14.1	47.1	23.1
Peru	8.4	NA	-5.5	14.0	27.4	3.4	20.6	2.8	5.4	NA	7.0	11.9	-15.0	10.2
China	-25.6	8.4	1.3	7.8	-31.3	57.0	X	-2.8	2.4	13.2	-6.1	8.6	-6.9	1.6
Korea	3.4	-12.8	12.2	1.2	NA	-53.5	1.9	X	1.5	12.1	0.1	11.9	10.6	0.6
Japan	3.7	-6.1	-5.3	2.4	7.4	-5.6	7.0	-5.5	X	9.2	0.4	5.1	-4.8	-0.3
Viet Nam	18.6	NA	16.2	-5.1	NA	-16.9	26.7	6.6	12.1	X	0.9	22.3	5.2	15.7
Eurozone	10.7	19.0	-2.0	5.6	19.7	6.7	10.6	2.6	2.1	NA	X	2.6	4.0	5.2
Spain	8.6	29.1	-17.0	-8.1	9.8	-17.5	15.8	4.0	4.8	3.1	NA	X	2.8	5.9
Türkiye	30.6	-9.9	-24.4	13.3	NA	NA	8.6	-0.4	1.5	-5.9	2.3	10.4	X	5.5
World	4.9	-4.2	8.8	5.7	-1.2	9.9	8.7	2.5	6.2	16.6	5.9	3.8	1.0	X

(*) Exports accumulated up to Dec/25 for China, Korea, Japan, Viet Nam, Türkiye and Mexico; up to Nov/25 for USA, Canada, Peru, Eurozone and Spain.
Source: BBVA Research based on data from Haver

GVCs are, to some extent, becoming lengthier and more complex: Chinese goods are now reaching the US not directly, but through other countries, mainly in Asia

The (temporary or permanent?) rise of connector countries

US IMPORTS BY SELECTED ORIGIN COUNTRIES
(SHARE OF TOTAL US IMPORTS ACCUMULATED FROM JANUARY TO NOVEMBER)

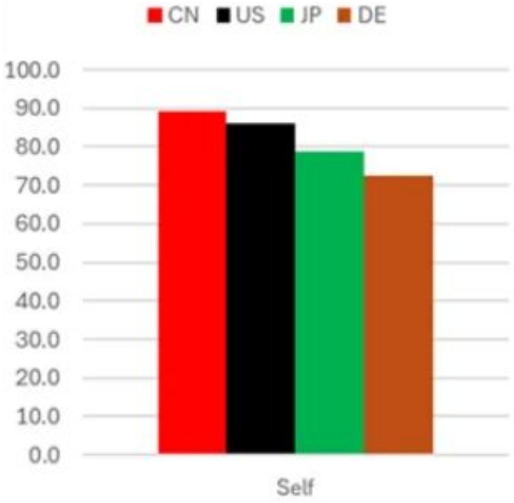


Source: BBVA Research based on data from Haver

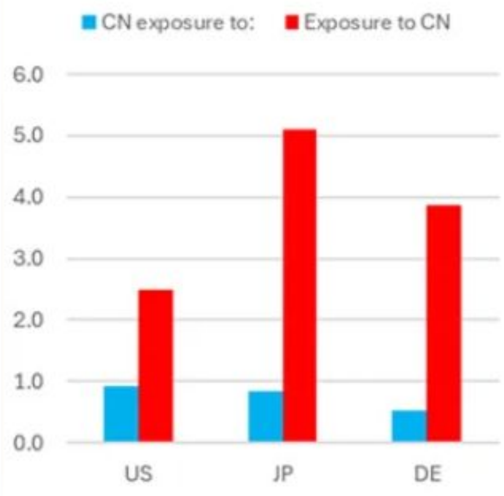
- **Countries such as Mexico and Vietnam, may benefit from the US-China decoupling,** in line with the analysis of Conteduca et al (2025) and Arizala et al (2025), exploiting recent data
- **These countries seem to be importing more from China and other Asian countries,** and exporting more to the US, particularly in some of the most affected sectors (transportation, electronics, manufacturing...)
- **Still, Mexico is trying to reduce linkages with China**, which eventually may limit these arbitrage practices, should they exist
- **Moreover, US may eventually put pressure on Vietnam and other Asian countries** to close existent loopholes

China's resilience: is it too (asymmetrically) central to GVCs to be displaced now?

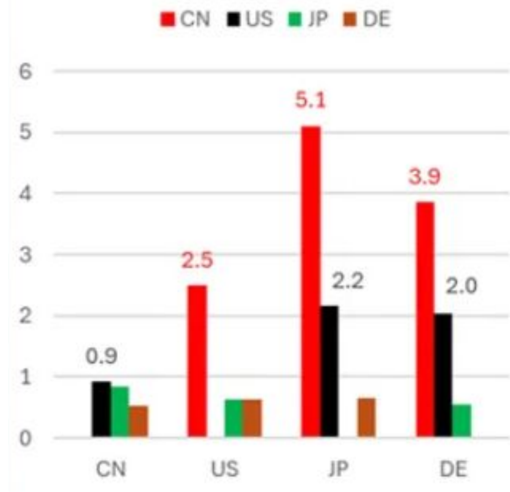
SELF RELIANCE: INDUSTRIAL INPUTS



ASYMMETRIC EXPOSURE TO CHINA



ASYMMETRIC OMELETTE, THE BIG4

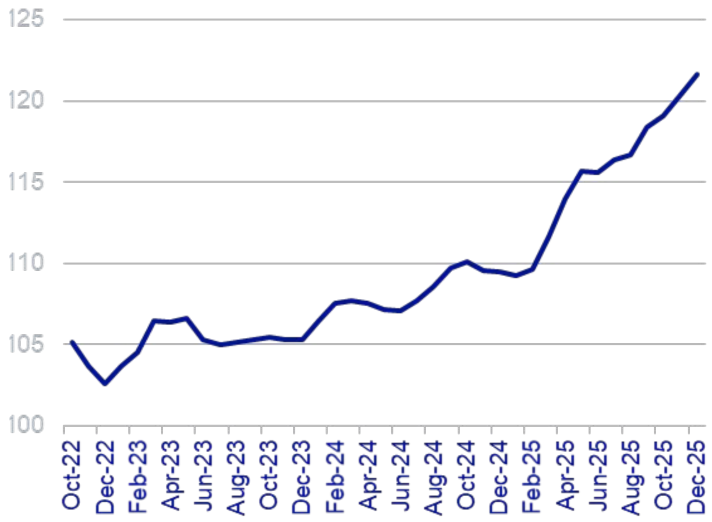


Source: Richard Baldwin (2025): "Does Geopolitics have an Omelette Problem?"

The US, Germany, and Japan depend far more on China than China does on them, partly because of its increasing control over key inputs, which makes disentangling it from global value chains highly costly

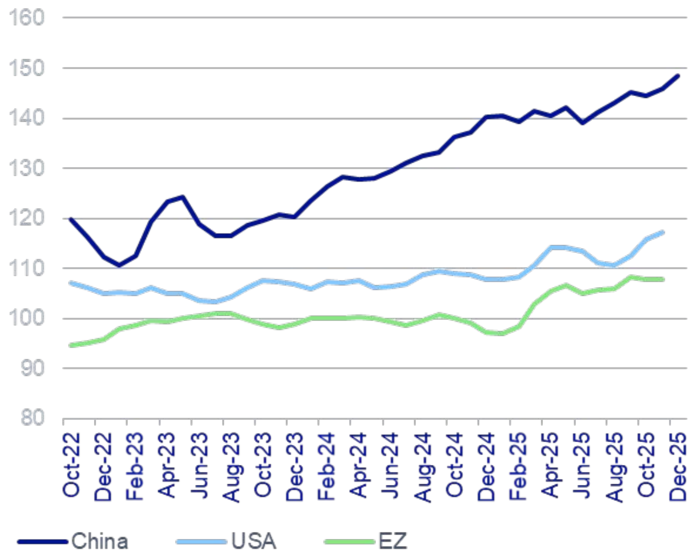
All in all, global trade remains resilient, also backed by front loading, AI boom, dynamic demand, weaker USD…

EXPORTS OF GOODS (VOLUME): WORLD
(4Q19=100; THREE-MONTH MOVING AVERAGE)



Source: BBVA Research based on data from Haver

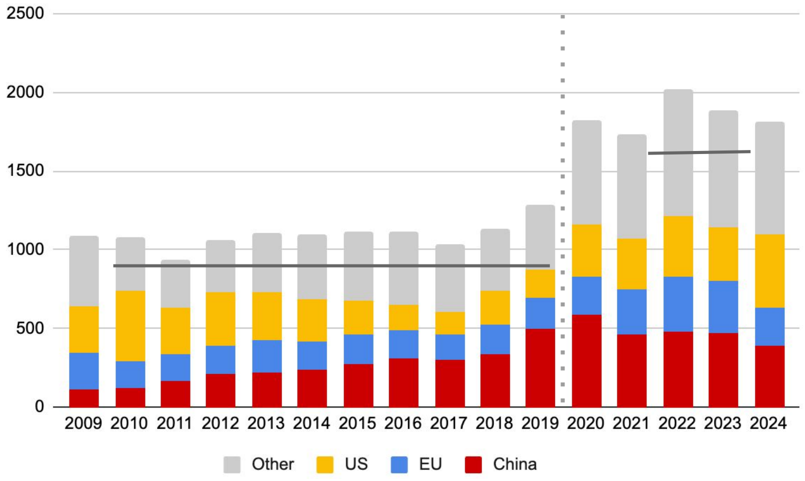
EXPORTS OF GOODS (VOLUME): US, CHINA AND EUROZONE
(4Q19=100; THREE-MONTH MOVING AVERAGE)



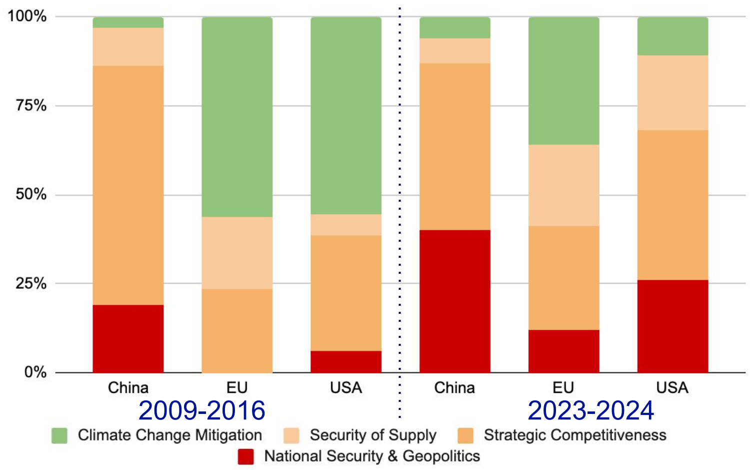
Source: BBVA Research based on data from Haver

Industrial policy has been reframed around security, resilience and geopolitical risk

SELECTIVE INDUSTRIAL ACTIONS BY IMPLEMENTING JURISDICTION 2009-2024



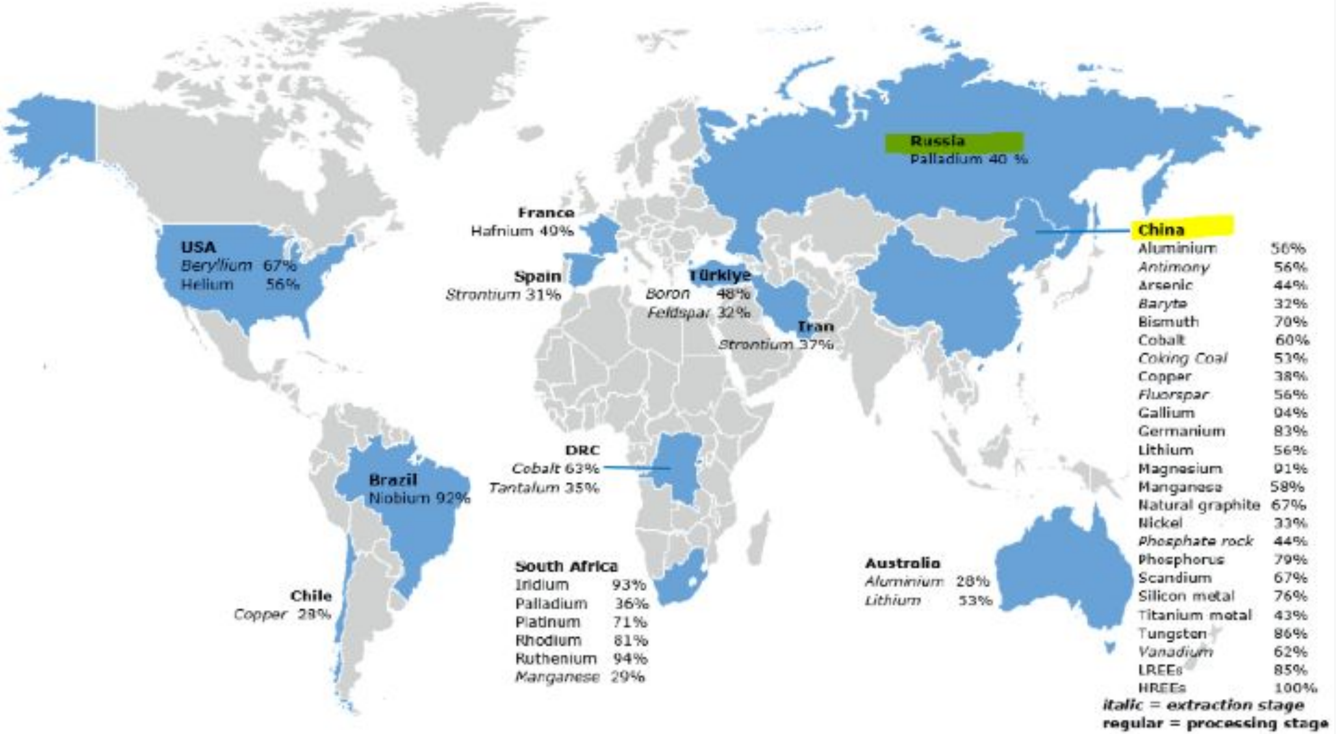
MOTIVES FOR INDUSTRIAL ACTIONS BY IMPLEMENTING JURISDICTION 2009-2016 vs 2023-2024



Source: Global Trade Alert, New Industrial Policy Observatory, January 2026

In the current context, the control of critical raw materials will be key

FIGURE B: COUNTRIES ACCOUNTING FOR LARGEST SHARE OF GLOBAL SUPPLY OF CRMs



Two key elements in the understanding of GVC and the need to focus on firms

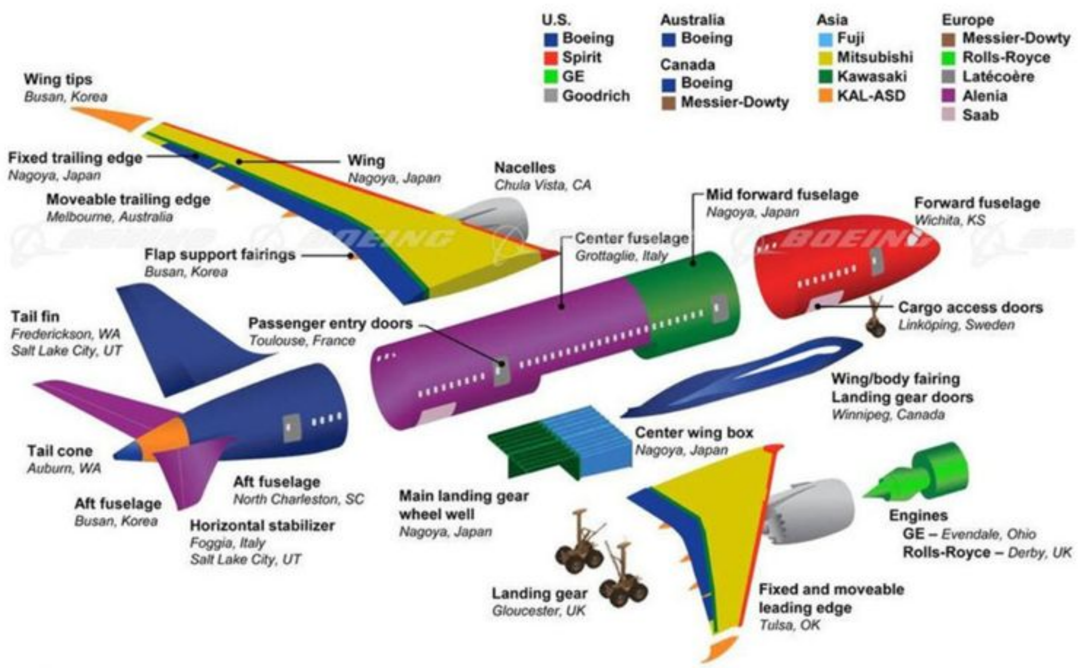
Research from Antras and collaborators show that most global trade concentrates in a small number of large companies and that these large companies are not really diversified: the mean of the number of source countries per imported product is close to 1 and the mean of products per country is below 3

NUMBER OF IMPORTED PRODUCTS (HS10) PER SOURCE COUNTRY AND NUMBER OF SOURCE COUNTRIES PER IMPORTED PRODUCT

	Products Per Country			Countries Per Product		
	Firm-level			Firm-level		
	Mean	Median	Max	Mean	Median	Max
Mean	2.78	2.18	7.21	1.11	1.00	1.61
Median	2.00	2.00	2.00	1.03	1.00	1.00
95%tile	8.23	5.00	25.00	1.78	1.00	4.00

Source: Antràs et al

GVC models: a "spider", such as Boeing's Dreamliner, requires coordination, but input replacement is easier



Source: Baldwin et al (2013)

GVC models: a “snake”, such as the semiconductors industry, is highly exposed to trade restrictions

Source: Baldwin et al (2013)

Mexico: in a better relative position to reinforce links with the US, but dealing with a higher uncertainty

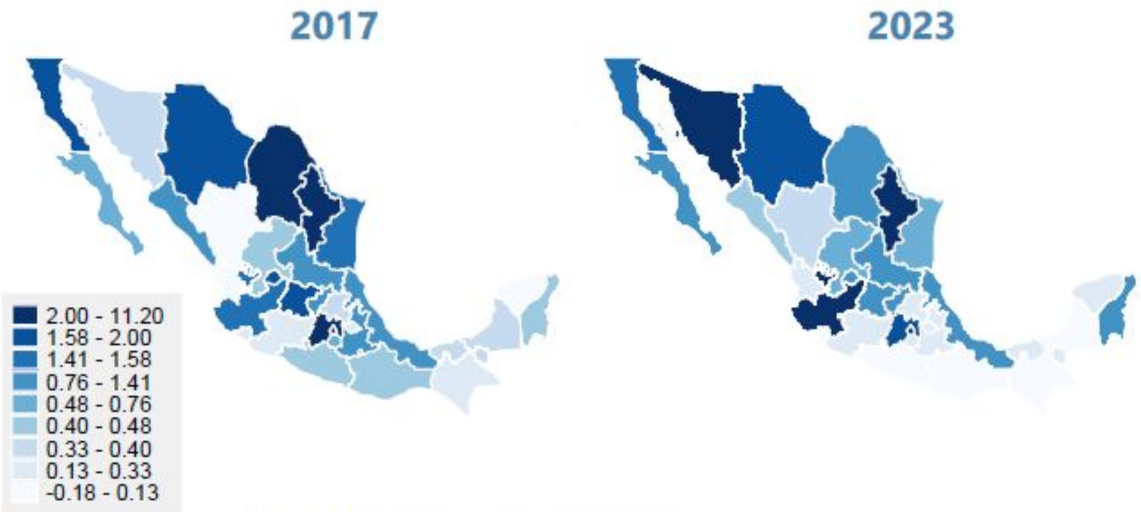
MEXICO: INVESTMENT
(Y/Y%, REAL, SA, JAN-OCT, CUM.)

Source: BBVA Research, Haver Analytics, Macrobond

- US tariffs are hitting some sectors, such as the auto segment...
- ...but overall exports to the US evolved positively in 2025.
- Uncertainty has impacted investment and noise on the USMCA may hamper recovery ahead...
- ... but lower relative tariffs boost Mexico's competitiveness and favor nearshoring.
- Mexico is raising tariffs on China and other countries (India, Brazil, etc), reinforcing regionalization/fragmentation prospects.
- Inefficiencies due to protectionism are reflected not only in higher costs, but also in overinvestment.

Mexico: BBVA Research - FDI is increasing mainly on already established firms

FIGURE 16. MEXICO. FDI BY STATE
(IN USD BILLIONS)



Source: INEGI, Banxico, National Authorities. and IMF staff calculations.
Note: Percentiles were calculated using 2017 FID data.

FDI has been increasing gradually, mostly due to reinvested benefits: it reached a record USD 41bn in the first three quarters of 2025, around 15% higher than in the same period in 2024

Eurozone is struggling to deal with a new reality; what can it do to remain a key global trade player?

The old model is unraveling, and the new one is not clear yet

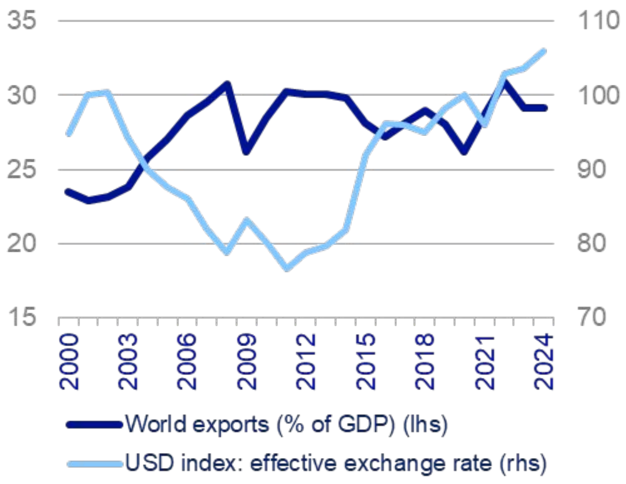
- **Gas/Energy:** still looking for replacements to Russia... and now also to the US?.
- **Defense:** need to rely less on the US, but autonomy will be costly and take time.
- **Trade and investments:** cut or reinforce links with China amid concerns about Chinese oversupply? And with the US?.

What can be done to support trade and GVCs?

- **Reforms (Draghi agenda):** focus on productivity, innovation, scale (common market); also on fixing issues undermining firms' profitability; not only more investment.
- **Prioritise resilience** in energy, technology, and defence without closing the economy; security of supply and redundancy must be built into value chains.
- **Expand links with other markets** ("middle-powers"): Turkey, India, Mercosur, UK, …
- **Reorient domestic savings** to finance domestic investment… with the right incentives.
- **Promote greater use of the euro** in trade…Especially important in trade finance.

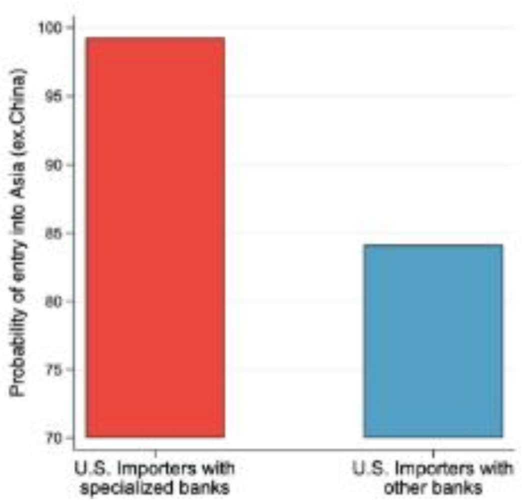
Financial conditions are also crucial for GVCs; a more global euro and greater reliance on banks could be supportive

WORLD EXPORTS AND USD (*)
(% OF GDP; INDEX: 2020 = 100)



(*) A higher USD index represent a more appreciated USD.
Source: BBVA Research based on data from the World Bank and the FRED.

THE VALUE OF SPECIALIZED BANKS IN SUPPLY-CHAIN REALIGNMENT (%)



Source: Laura Alfaro Mariya Brussevich Camelia Minoiu Andrea Presbitero (2025); "Overcoming constraints: How banks helped US firms reroute their supply chains" (VOXEU)

Trade financing is mostly provided in USD, but a higher reliance on the euro could reduce the USD dependence and contribute to increase GVCs resilience (evidence suggests that a weaker USD may favor global trade); banks can contribute not only with credit, but also with information

Final takeaways in the baseline scenario but risks are high

You can't unscramble the omelette

full decoupling is unrealistic; the issue is selective resilience, not autarky

Not all supply chains are equally fragile

"snake" chains break easily; network structure determines risk

Decoupling redistributes, it doesn't destroy

Global welfare falls, but connector countries can gain

Globalization is being rewired, not reversed

nearshoring and friend-shoring are reorganization strategies

Bibliography and interesting articles

Alfaro, L., & Chor, D. (2023). "Global Supply Chains: The Looming 'Great Reallocation'". *NBER Working Paper No. 31661.*

Antràs, Pol, and Davin Chor. 2022. "Global Value Chains". In *Handbook of International Economics*. Vol. 5. Elsevier.

Antràs, Teresa C. Fort and Felix Tintelnot, 2025, Global Value Chains: A Firm Level Approach; NBER

Antràs, P., Fort, T. C., & Tintelnot, F. (2017). "The Margins of Global Sourcing: Theory and Evidence from U.S. Firms". *American Economic Review*, 107(9), 2514-64.

Arizala, F., Mineyama, T., & Tuesta, H. (2025). *Relocation of Global Value Chains: The Role of Mexico*. IMF Working Paper WP/25/180. International Monetary Fund.

Baldwin, R., & Ruta, M. (Eds.). (2025). *The State of Globalisation*. CEPR Press / International Monetary Fund.

Baldwin, R., & Venables, A. J. (2013). "Spiders and snakes: Offshoring and agglomeration in the global economy". *Journal of International Economics*, 90(2), 245-254.

Baldwin, R. (2025). *Does Geopolitics have an Omelette Problem?* Substack / VoxEU.

Conteduca et al. (2025). "Fragmentation and the future of global value chains" in "The State of Globalization", edited by Richard Baldwin and Michele Ruta, CEPR.

García Herrero, A. (2023). *Resilience of Global Supply Chains: Facts and Implications*. ADBI Working Paper No. 1398. Asian Development Bank Institute.

Jiménez, M. D. Sarasa, A. Ugarte (2025) "A New Set of Structural Indicators: Geopolitical Risk and Economic Fragmentation, BBVA Research.

Shin, H. S. (2019). *Global value chains: what is behind the recent slowdown?* Bank for International Settlements (BIS).

Disclaimer

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

BBVA Research