

SUPPLY CHAIN: AN INTRODUCTION

WHAT IS SUPPLY CHAIN?

There are multiple definitions of the term supply chain.

As per and for the purpose of a [paper](#) by OECD, the term “supply chain” is used to refer to the network of organizations that cooperate to transform raw materials into finished goods and services for consumers.

According to 6 USCS § 901, the term "international supply chain" means the end-to-end process for shipping goods to or from the United States beginning at the point of origin (including manufacturer, supplier, or vendor) through a point of distribution to the destination.

The [Canadian Supply Chain Sector Council](#) states that definitions of a "supply chain" virtually universally encompass the following three functions: i. supply of materials to a manufacturer; ii. the manufacturing process; and, iii. the distribution of finished goods through a network of distributors and retailers to a final customer. Companies involved in various stages of this process are linked to each other through a supply chain.

Understanding Global Value Chain and Value Chain:

+ Global Value Chain (GVC)

The concept of Global Value Chain emerged in the mid-90s. GVC describes "the full range of activities that are required to bring a product from its conception, to its design, its sourced raw materials and intermediate inputs, its marketing, its distribution and its support to the final consumer".

+ Value Chain

The value chain describes “the full range of activities that firms and workers do to bring a product/good or service from its conception to its end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer”.

DIFFERENCES: SUPPLY CHAIN, VALUE CHAIN AND GLOBAL VALUE CHAIN

[Is there a difference between a Supply Chain and a Value Chain?](#)

Yes. A supply chain emphasizes the manufacturing and distribution-related steps, whereas a value chain also includes the importance of other activities such as design and branding that add value to a product, but do not necessarily reflect a physical transformation.

[Is there a difference between a Value Chain and a Global Value Chain \(GVC\)?](#)

A value chain can be contained within a single geographic location or even a single firm (think about a fruit that is grown, packaged, sold and consumed within one country). A global value chain is divided among multiple firms and geographic spaces. For example, a computer uses labor and materials from multiple suppliers in different countries, is assembled in another country, and was designed and will ultimately be sold in other places. The GVC Initiative is particularly interested in understanding value chains that are divided among multiple firms and spread across several locations, hence the term "global value chain."

OVERVIEW OF INSTRUMENTS AND INITIATIVES

The issue of achieving a sustainable and responsible management of GVCs is at the top of the international agenda (OECD, ILO, G7, G20, EU and the UN). This leads to development and implementation of diverse instruments at the national and international level, such as ILO conventions, OECD Guidelines or UN Guiding Principles on Business and Human Rights (see also paragraph 2.3.3), and policy frameworks, such as 2030 Agenda for Sustainable Development and the accompanying Addis Ababa Action Agenda on Financing for Development supporting respect for labour standards and promoting decent work, as well as further development of trade, investment, private sector and supply chains.