

Nearshoring and Farsharing in Europe: implications for employment

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This paper documents recent trends in the geographical distribution of value added across Global Value Chains (GVCs) and its relationship with employment in Europe. By combining a value chain and country-industry analytical perspectives, we find two concurrent processes setting Europe's participation in GVCs apart from other two macro-regions, Asia-Pacific and the Americas. European value chains have increased the share of value added they import from within Europe - which amounts to nearshoring - while European country-industries have increased the share of value added they provide to extra-European value chains - which we refer to as farsharing. Finally, our econometric analysis finds that nearshoring has a positive effect on employment in the country of completion, while in contrast farsharing shows no significant relationship with employment. We discuss these novel findings in light of the recent policy debate around nearshoring, highlighting the complexity of this phenomenon and the breadth of its implications for Europe.