

GVC Participation and Regional Income Distribution

by Roberta Capello | Damares Lopes Afonso | Giovanni Perucca | Politecnico di Milano | Politecnico di Milano | Politecnico di Milano

Abstract ID: 260

Inviato: 19/03/2024

Evento: XXII Workshop Annuale SIEPI

Argomento: 7. Internazionalizzazione, competitività e catene globali del valore

Parole chiave: Global Value Chains; European regions; income inequality

The effect of Global Value Chains (GVCs) on regional income inequalities within countries is still largely unexplored in the literature. This paper aims to fill this gap, by presenting a theoretical model able to apportion the Grossman and Rossi-Hansberg's effects at the regional level. In our approach, the distributive element of the effects of GVCs participation on intra-country regional inequalities is represented by the heterogeneity in the functional specialization of regions. Empirical results show that, in offshoring countries, increasing GVCs participation is likely to worsen intra-country regional inequalities, while the opposite holds for those countries receiving production phases from abroad.