

Nearshoring, global value chains' structure and volatility

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Inserisci l'Abstract (max 200 parole).

This paper puts forward novel evidence on the role of global value chains (GVCs) in propagating supply-side shocks across the world economy. We tackle two specific issues: first we focus on whether integration in the global economy is conducive to higher growth of final output and, second, we study the relationship between final output growth and GVCs structural features. Drawing on the GVC literature, we consider three GVC measures: the share of foreign value added a GVC sources from outside its region of completion, the length, and the concentration of the GVC. We then compute supply-side shocks based on producer price index volatility and exploit these to study how they propagate along GVCs. We find that integration with foreign inputs is associated to faster final output growth and resilience to supply-side shocks. Concerning the structure of GVCs, we find that longer GVCs tend on the one hand to grow at a slower rate, but they are also more resilient to supply side shocks. We discuss these findings in light of the on-going debate around Europe strategic autonomy.