

GVC Resilience in the Face of Geoeconomics Shocks

RICHARD BALDWIN

PROFESSOR OF INTERNATIONAL ECONOMICS
THE GRADUATE INSTITUTE | GENEVA

Risks and global supply chains: What we know and what we need to know

Richard Baldwin & Rebecca Freeman

SHARE   

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About Global Supply Chains

Not one-size-fits all

Simple vs complex GSC

Simple

Sourcing simple inputs from abroad

Complex

Sourcing sophisticated inputs from abroad

Or back-and-forth processing

GSC risks

Not one-size-fits all

Risks to GSCs

Sources

Supply shocks

Demand shocks

Transport shocks

Types

Idiosyncratic:

Earthquakes, strikes, etc

Systemic: C19, climate,
US-CN geoeconomics

GSC recovery concepts

Robustness

Ability to continue during the shock

Hard with complex GSCs

Resiliency

Ability to recover quickly after the shock

Are policies needed?

Three points

#1. Match policies & shocks

Demand shocks:

Stockpiling, excess capacity

Idiosyncratic supply shocks

Geo-diversify sources

International transport shocks

Re-shore sources

Systemic shocks (geoeconomics shocks)

Allies, near-shoring, identify strategic sectors

#2. No regrets policies

Supplier information is a public good

Stress test critical supply chains

#3. Macro circuitbreaker

Macro stabilisation dampens
snowball effects of disruptions &
bankruptcy

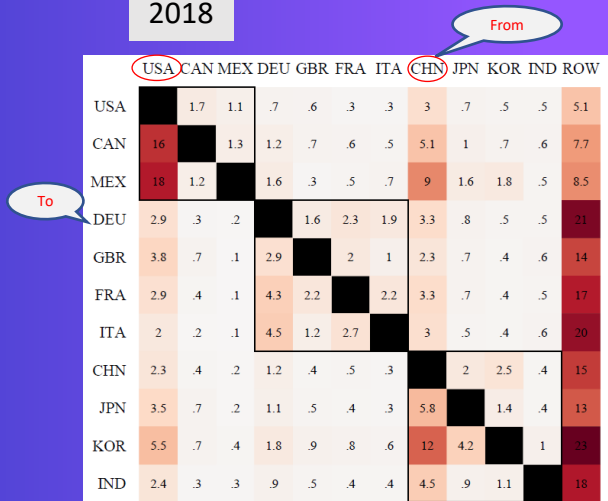
Unscrambling the
omelette will be
hard

Foreign Input Reliance

column nation's inputs in row nation's domestic production

Message:
China is like the
"OPEC of industrial
inputs worldwide"

2018



END

Thanks for listening

Foreign Input Reliance (FIR); foreign gross production (column nation) usage as share of domestic gross production (row nation)

2018

From

To

	USA	CAN	MEX	DEU	GBR	FRA	ITA	CHN	JPN	KOR	IND	ROW
USA		1.7	1.1	.7	.6	.3	.3	3	.7	.5	.5	5.1
CAN	16		1.3	1.2	.7	.6	.5	5.1	1	.7	.6	7.7
MEX	18	1.2		1.6	.3	.5	.7	9	1.6	1.8	.5	8.5
DEU	2.9	.3	.2		1.6	2.3	1.9	3.3	.8	.5	.5	21
GBR	3.8	.7	.1	2.9		2	1	2.3	.7	.4	.6	14
FRA	2.9	.4	.1	4.3	2.2		2.2	3.3	.7	.4	.5	17
ITA	2	.2	.1	4.5	1.2	2.7		3	.5	.4	.6	20
CHN	2.3	.4	.2	1.2	.4	.5	.3		2	2.5	.4	15
JPN	3.5	.7	.2	1.1	.5	.4	.3	5.8		1.4	.4	13
KOR	5.5	.7	.4	1.8	.9	.8	.6	12	4.2		1	23
IND	2.4	.3	.3	.9	.5	.4	.4	4.5	.9	1.1		18

Change: 1995 vs. 2018

	USA	CAN	MEX	DEU	GBR	FRA	ITA	CHN	JPN	KOR	IND	ROW
USA		-2	.4	0	0	-1	-1	2.6	-1.3	.1	.3	.4
CAN	-4.7		.6	.2	-5	-1	-1	4.5	-1.1	.2	.4	.4
MEX	1.8	.6		.8	0	.1	.4	8.8	-2	1.2	.5	5.2
DEU	1.3	0	.1		.2	.4	.4	3	-2	.3	.4	11
GBR	.7	.3	0	-2		-4	-3	2	-6	.1	.5	3.6
FRA	.7	.1	.1	.7	.2		0	3	-3	.2	.4	6.7
ITA	.3	-1	.1	.5	-4	-6		2.6	-3	.2	.5	7
CHN	-9	0	.1	-1	-1	0	-3		-3.8	.3	.3	2.4
JPN	1.4	.4	.2	.6	.2	.2	.1	5.2		.9	.3	7.8
KOR	.5	0	.3	.7	.1	.2	.1	10	-2.8		.3	6.7
IND	1.1	0	.2	-1	-2	0	-1	4.2	-2	.8		9.6