

Global Supply Chains: European Union, Euro Area and New Member States

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Abstract

Supply chains are comprised of events that link the product or service from conception, different phases of production, to final delivery to the consumers. In this regard, global supply chains (GSC) economics is concerned with the effects on the host economy due to presence of GSC as well as the importance of GSC for exports, or more specifically, the value added from exports. Thus, in this study, the concept of value-added trade was used in relation to exports, employment and foreign direct investment (FDI) in terms of trade facilitation for the host economies. The analysis presented in this article is based on the main dataset for structural business statistics (SBS) presented by Eurostat, where, first, we calculate the extent of overall changes in exports, employment and FDI stock relative to manufacturing, and second, to capture the effect of export restructuring on manufacturing productivity growth, we use the standard growth accounting approach, a production function at the industry level to total factor productivity (TFP) growth. The results show that TFP is reliant on exports for the whole European Union economy and especially for the new member states.

Keywords

Global supply chains (GSC), European Union, total factor productivity (TFP)

Introduction

Supply chains are usually described as span of activities that follow the product or service from conception, through the different phases of production, to final delivery to the consumers. If such intertwined processes between companies occur in more than one economy, they are termed as global supply chains (GSC). (Park, Nayyar, & Low, 2013). The firms' integration into the GSC in the literature is analysed by two separate streams. First, the literature scrutinizes the fragmentation of production and the ability of the

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