

The New Wave of Global Industrial relocation: Measurement, Trends, and Economic Impacts

Topic: World Input-output Modelling and Databases

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Abstract: A new wave of industry relocation has been set off around the world since the global financial crisis of 2008, due to trade protectionism, geopolitical conflicts, the COVID-19 and the new technological revolution. This study innovatively constructs a novel global industry relocation measurement model based on the input-output framework. Using the newly published 2007-2023 global multi-regional input-output table of Asian Development Bank, this study measures the specific scale and path of global industry relocation and evaluates the economic impact of the new global industry relocation on different regions of the world.

This study's main conclusions are as follows. First, from 2007 to 2023, China is the main destination of the global industry relocation, while the United States (US), the European Union (EU) and Japan are the main sources of the global industry relocation. From the perspective of dynamic evolution, the US, the EU and Japan have continuously reduced industry relocation to China, mainly focusing on technology-intensive industries, labor-intensive industries, capital-intensive industries and producer services. Meanwhile, the US has significantly increased its industry relocation to Mexico, Canada, ASEAN, and the EU. The EU has significantly increased its industry relocation to itself, the UK, and India. Japan has significantly increased its industry relocation to the US, EU, ASEAN, and India. Second, although the US and Japan try to reduce their economic ties with China through industrial relocation, China's position as a key node in the global supply chains remains indispensable due to its comprehensive industrial ecosystem and advanced technological capabilities. Specifically, industries moving to ASEAN, Mexico, and India continue to rely heavily on intermediate goods and core components sourced from China, leading these recipient economies to simultaneously increase their industrial relocation to China. Third, China's value-added benefits from global industry relocation are gradually decreasing, while ASEAN, Mexico, and India are gradually increasing their value-added benefits from global industry relocation.

This study's main contribution is: (1) A new quantitative measurement model for industry relocation is constructed, and a quantitative indicator that simultaneously reflects both the scale and direction of industry relocation is proposed, overcoming the limitations of current industry relocation measurement. (2) This study measures the absolute scale and specific path of global industry relocation from 2007 to 2023, filling the empirical gap in related fields and providing detailed data support for grasping the current global industry relocation. (3) Under the global value chain accounting system, a quantitative evaluation framework for the economic impact of global industry relocation has been constructed. This study assesses the economic impact of the new round of industry relocation on different regions around the world, providing reference and warning for a comprehensive understanding of the economic impact of industry relocation.

Keywords: industry relocation, global production network, global multi-regional input-output table