

Global Value Chains and COVID-19: Resilience Amidst Disruption

[Brussels, 17 April 2024] - The recently released report on “[Emerging trends of Global Value Chains and Multinational Enterprises in the pandemic time](#)” sheds light on the profound impacts of the COVID-19 pandemic on global production networks. Despite the unparalleled magnitude and scale of disruption faced in 2020, **the report highlights that the structure of value chains remained largely unchanged, showcasing remarkable resilience amidst adversity.**

The new report, which delves into the effects of changing trade and investment policies, technological innovations, and the pandemic-induced shifts in global value chains (GVCs) and production networks, offers insights into how businesses navigated the challenges and adapted their strategies.

Key findings of the report include:

Trade barriers and global production: The COVID-19 crisis led to an increase in trade barriers in many countries, affecting various sectors. However, the restructuring of global production was observed only in specific situations, with the foreign subsidiaries of EU Multinational Enterprises (MNEs) remaining relatively stable on average.

Reshoring and digitalisation: The COVID-19 pandemic prompted some companies to consider reshoring, nearshoring, or friendshoring strategies, driven by both technological advancements and disruptions in supply and demand. Digitalisation played a crucial role in enhancing export resilience, particularly in manufacturing industries, while also transforming operational units beyond manufacturing processes.

Research and Development: Contrary to expectations, the pandemic resulted in diverse outcomes in R&D investment, **with firms with higher shares of public funding performing better.** Additionally, employee management strategies varied across different modes of GVC governance, with collaboration levels influencing human capital investment and decision-making processes.

Commenting on the report, Dr. Roberta Capello, Professor of Regional and Urban Economics at Politecnico di Milano and TWIN SEEDS research leader, stated, "*The findings underscore the resilience of global value chains amidst the challenges posed by the COVID-19 pandemic. **Despite disruptions, businesses have demonstrated adaptability and innovation, laying the groundwork for future resilience, and the structure of the chains has remained largely unchanged.***"

The work conducted within the TWIN SEEDS framework provides valuable insights for policymakers, businesses, and stakeholders navigating the evolving landscape of global value chains in a post-pandemic world.

For more information and to access the full report, visit <https://twinseeds.eu/>

Contact:

Gauthier Bas
Communication and Dissemination Partner
TWIN SEEDS
contact@twinseeds.eu

About TWIN SEEDS

TWIN SEEDS (Towards a World Integrated and Socio-economically Balanced European Economic Development Scenario) is a research project funded within the Horizon Europe program led by Politecnico di Milano (Grant agreement ID: 101056793)

Note to Editors: Please feel free to contact us for additional information or to arrange an interview with Roberta Capello, the expert behind the research.