

Press Release - TWIN SEEDS Research Reveals Critical Insights into the Shifting Dynamics of Global Value Chains

The global economic landscape is evolving at an unprecedented pace, with technological breakthroughs and geopolitical shifts redefining the flow of goods, services, and capital. At the heart of this change lies the reconfiguration of Global Value Chains (GVCs), and the TWIN SEEDS project is leading the charge in understanding its profound implications. With the collaboration of 11 top universities and research institutions across 8 EU countries, TWIN SEEDS explores how these shifts are reshaping Europe's economic future, addressing key challenges around prosperity, social inclusion, and environmental sustainability.

In this release, we unveil 5 key research findings that offer fresh perspectives on the forces driving GVC evolution.

1. **Unlike big corporations, small and medium-sized businesses use offshore outsourcing to strengthen – not sideline – local subcontractors.** Their 'dual sourcing' approach weaves together global and local ties, boosting regional resilience. If reshoring policies ignore this, they risk unraveling a key thread of economic stability.
2. **Greening the EU doesn't always mean greening the globe.** If the EU shifts to cleaner suppliers but forces others to rely on dirtier alternatives, **the result could be a net increase in global emissions** – up to 0.5% in the worst-case scenario. To avoid this, EU green policies must account for the complexity of global value chains, ensuring that efforts to cut emissions locally don't simply shift the burden elsewhere. A truly Net-Zero strategy requires a global perspective.
3. **Robots are often seen as job-stealers, but in many sectors, automation boosts employment.** However, on average, the relationship between robots and employment becomes increasingly negative the more reshoring a sector experiences.
4. **While GVC participation doesn't significantly affect the gender pay gap, it increases job insecurity, particularly for women.** In sectors with high GVC integration, women face more precarious employment, although higher education can help mitigate these effects. Interestingly, the gender gap in job insecurity is even wider in sectors with lower GVC involvement, highlighting the need for policies that address these disparities.
5. **Non-tariff measures pose bigger challenges to Multinational Enterprises' (MNEs) subsidiaries' activity and performance in comparison to tariffs.** High-tech manufacturing is particularly affected, due to higher regulatory losses. However, subsidiaries with high productivity, full foreign ownership, and strong global networks can turn these challenges into strategic advantages.

Discover more about TWIN SEEDS and access the full work packages at twinseeds.eu. For inquiries, contact Gauthier Bas at : contact@twinseeds.eu