



**Measuring Global Value Chains
the MEETS program
Copenhagen, 26-27 November**

**Offshoring in the European Union in the 21st Century:
Evidence from the European Restructuring Monitor**

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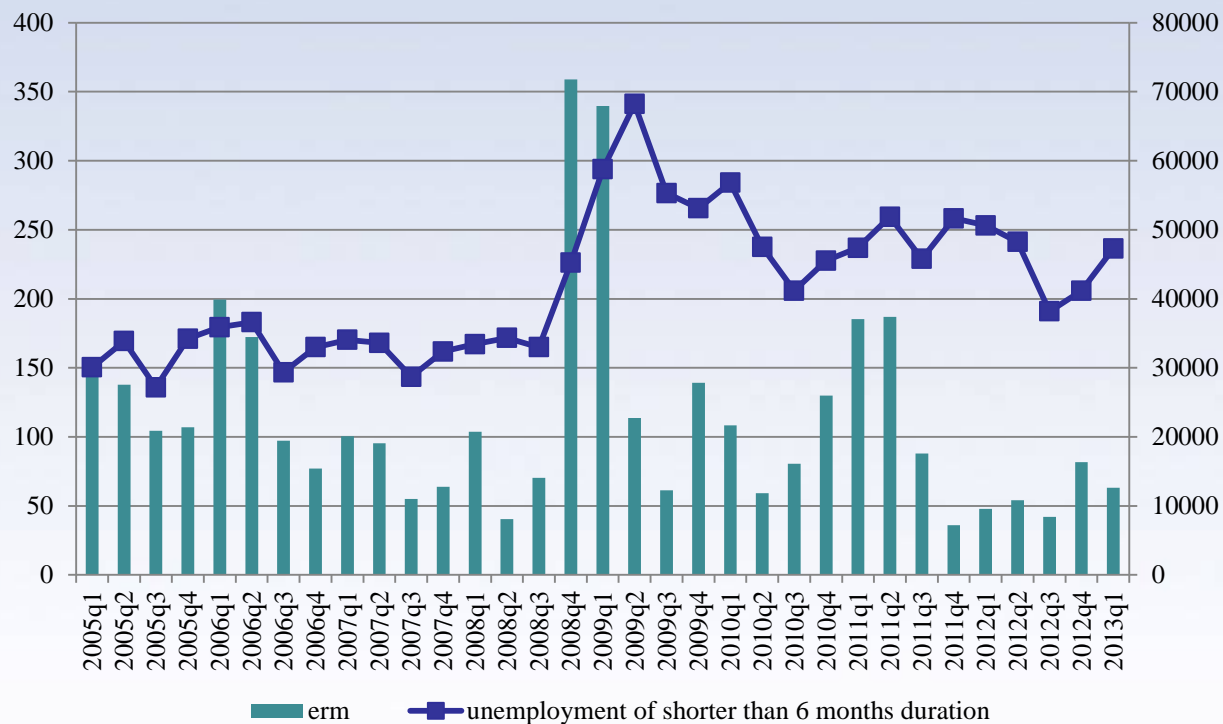
- ▶ Current ERM databases
 - Restructuring events database
 - Newer policy-oriented databases
- ▶ Future developments
- ▶ ERM in policy and research
- ▶ Restructuring and labour market developments 2003-13
- ▶ Offshoring in Europe 2003-13



- Launched in 2002. Initial focus on job loss cases. From 2004/5, large job creating cases also included.
- Identifies restructuring events with significant employment consequences (main criterion: ≥ 100 job losses / gains) from media reporting in EU27 + Norway
- Now comprises over 16,000 cases (including over 1,000 transnational restructuring cases)

How representative is data?

Announced job loss on ERM, 2005q1-2013q2 compared with LFS data proxying unemployment inflows. UK data.



Offshoring in the ERM

- Offshoring / delocalisation is one of eight types of restructuring describing each ERM case
- In an ERM context, offshoring is where job losses are announced as a result of a restructuring involving the transfer of activities outside the home country to an affiliated or unaffiliated unit
- 781 cases of either partial or full offshoring in the ERM dataset, representing 6% of all announced job loss and 8% of job loss cases. About 25,000 job losses per annum.

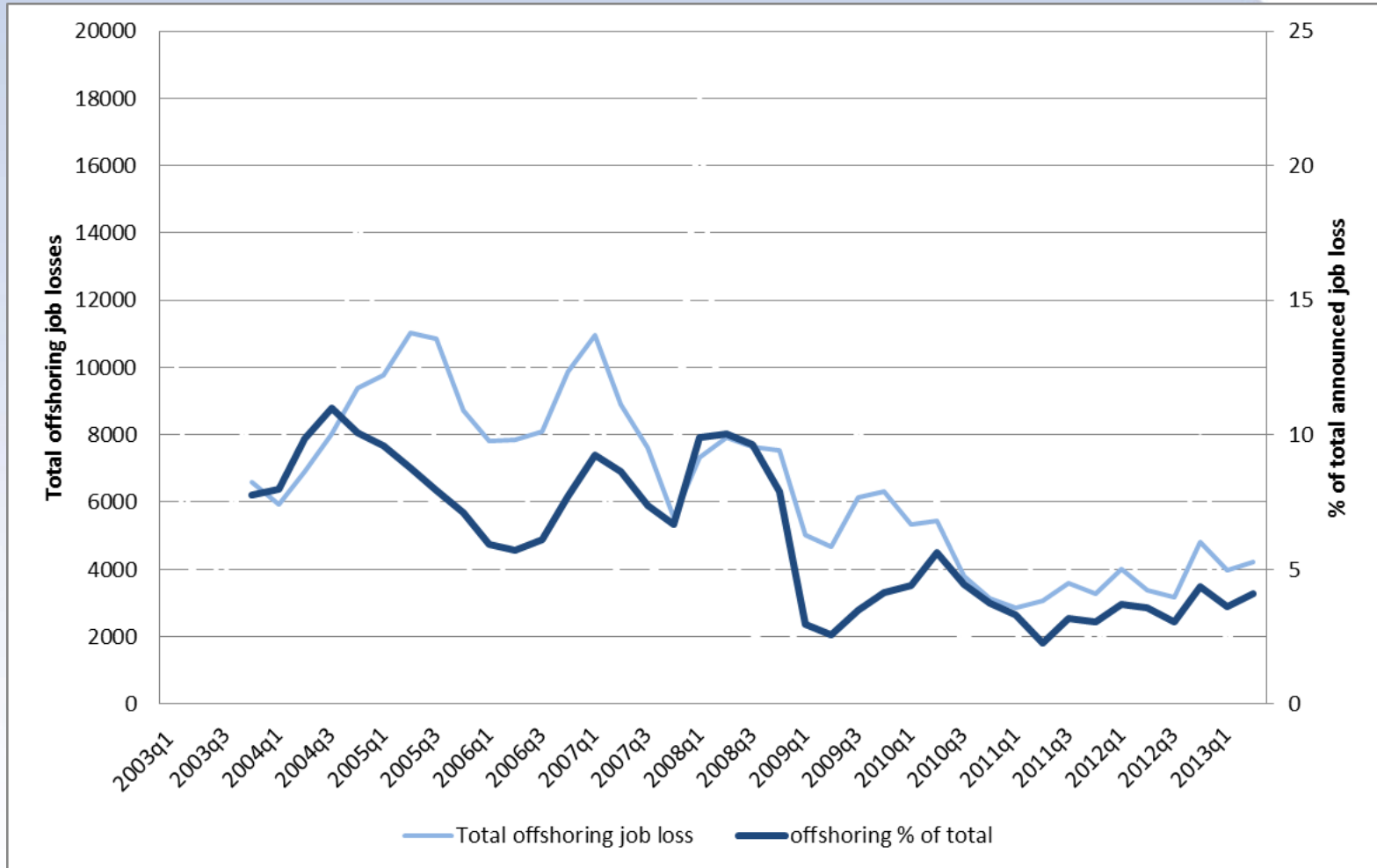


- Job loss / gain by type of restructuring

	% of job loss		cases		median employment unit(s) affected		median job loss / gain	
	2003-8	2008-13	2003-8	2008-13	2003-8	2008-13	2003-8	2008-13
	Bankruptcy/closure	15	20	999	1348	229	240	190.5
Internal restructuring	71	72	2228	3617	1470	1400	211	200
Merger/acquisition	4	3	178	145	1575	1100	245	220
Offshoring	7	3	409	257	400	365	194	200
Relocation/outourcing	2	1	177	95	385	331	187	169.5
Other	0	1	22	28	826	730	288.5	200
Total job loss cases	100	100	4013	5490	620	750	200	200
Business expansion			2631	2468	140 (700)*	500 (1000)*	230	200



ERM annual report 2013: offshoring



ERM annual report 2013: offshoring

COUNTRY	ERM offshoring cases 2003-13			
	n	announced job loss	total jobloss	offshoring % of total jobloss
AT	23	6539	71603	9.1
BE	37	11258	110629	10.2
BG	2	270	22489	1.2
CZ	23	7069	152340	4.6
DE	69	40923	679858	6.0
DK	49	11580	64675	17.9
EE	5	917	13133	7.0
ES	29	7758	187282	4.1
FI	37	7937	90015	8.8
FR	85	24979	670856	3.7
HU	15	6075	129861	4.7
IE	52	14280	82019	17.4
IT	44	9687	228750	4.2
LT	1	115	27217	0.4
LU	3	443	6279	7.1
LV	5	1099	10608	10.4
MT	2	667	4862	13.7
NL	32	9253	220178	4.2
PL	8	5010	391060	1.3
PT	25	11151	61654	18.1
RO	3	2820	247969	1.1
SE	72	11414	162740	7.0
SI	9	2805	52849	5.3
SK	9	4611	55489	8.3
UK	142	67873	941107	7.2
EU27	781	266530	4749818	5.6

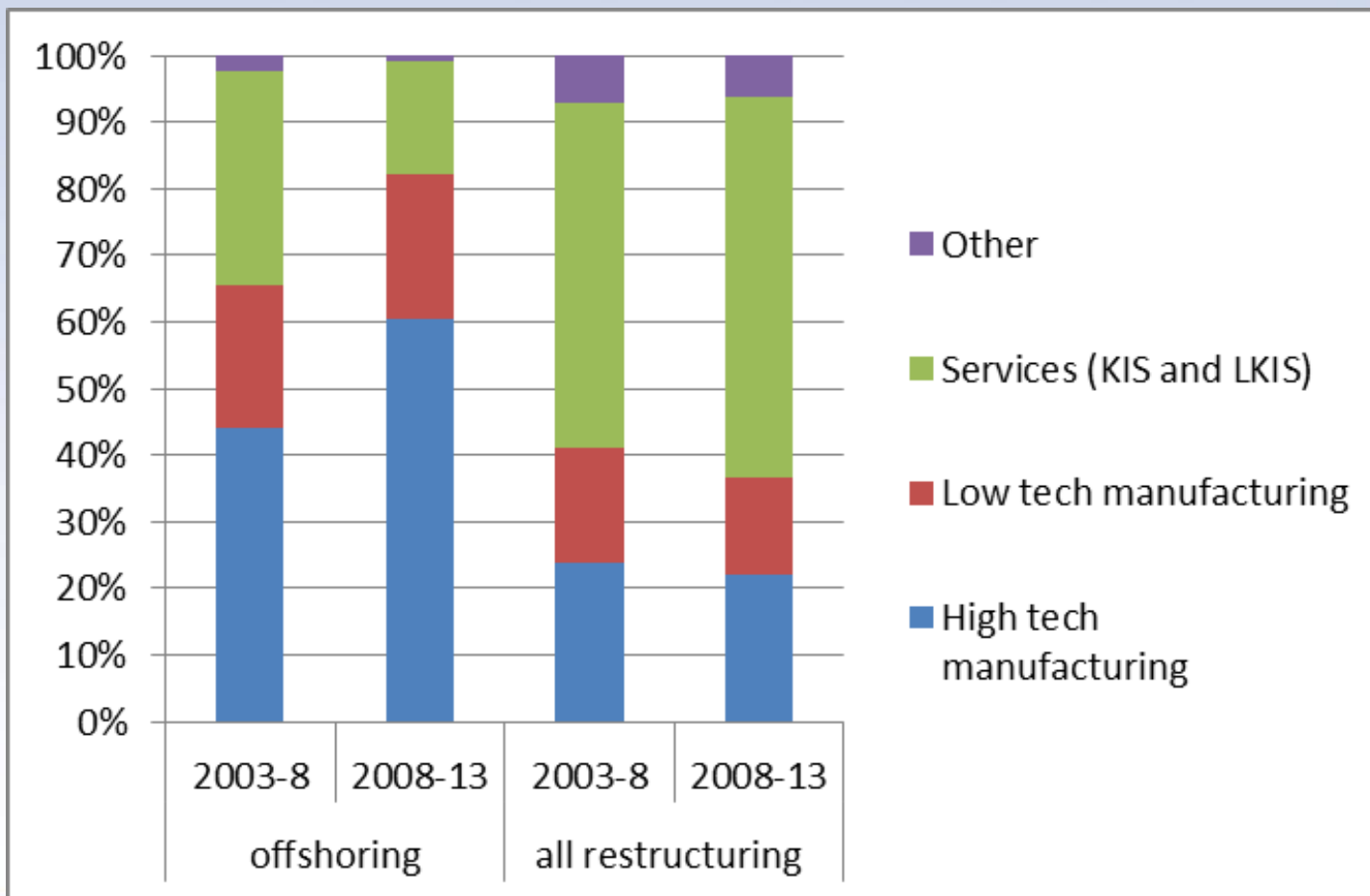
- The decline in the share of offshoring in overall restructuring job loss is attributable only to developments in the EU15. In the NMS12, the offshoring share has increased ... no difference between older and newer member states in the post-crisis period.

	offshoring % of job loss	
	2003-8	2008-13
EU15	9.8	3.4
NMS12	1.9	3.4
EU27	8.2	3.4

Most offshoring is to destinations within Europe

Destination	% of offshoring jobloss
Americas	3.7
China	10.2
EU15	12.7
India	14.8
NMS12	32.7
Not specified	9.7
Other or non-specified Asian countries	8.5
Other or non-specified European countries	4.2
Rest of world	3.4

Increased high-tech manufacturing of offshored job loss



Why the decline?

- Business-cycle reasons. Offshoring is a costly strategic commitment, more likely to be deferred in times of low or uncertain growth
- Other explanations:
 - ▶ Eroding labour cost differentials between host and destination countries
 - ▶ Declining labour intensity of production of many goods with technological advances and automation.
 - ▶ Increased recognition of the costs of offshoring, in terms of management complexity, cultural and quality control issues, exposure to transport costs and delays
 - ▶ Increased appreciation of the benefits of non-offshoring, for example the important synergies between R&D, product development and manufacture in a context of rapid product-cycle changes
 - ▶ Increased vulnerability to supply chain disruptions for political reasons or as a consequence of one-off events, natural or manmade (eg. Fukushima, Asian tsunami)
 - ▶ A one off shift at accession of new member states to the EU

