

Global Value Chains and Employment in the Mining Sector

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Much of the controversy surrounding the potential of the mining industry is its limited ability to generate employment. We follow the approach of Los et al. (2015) and Wang et al. (2017), to analyze how employment is generated in four middle-income countries and four high-income countries with relatively large mining sectors. We utilize the World Input Output Database (WIOD) and we cover a period from 2001 to 2014. Using decomposition methods, we distinguish the growth rate of employment due to final demand as an effect of a) changes in labor productivity b) changes in the ratio of value added to gross output (which may be the result of an upgrade within GVCs but it is also expected to be limited due to the unvarying nature of most mining commodities), c) changes in inter-industry structure or d) changes in final demand. The analysis thus provides an up-to-date examination of drivers of employment in the industry and whether the incorporation of mining activities into GVCs has a substantial impact on employment generation.