Offshoring, reshoring, and the location of production: what can we measure in a cross-country industry-level setting?

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Geopolitical tensions, security concerns, and the COVID-19 supply chain disruption have prompted countries to reconsider their reliance on the origin of the inputs they use in production. Consequently, policymakers and researchers are increasingly interested in understanding shoring strategies and patterns of production relocation. In this paper we start by asking the question: can we measure shoring at in a cross-country industry-level setting? While the interest in shoring has surged, the literature offers ample measures for (off-, re-, near-, friend-) shoring, ranging from intuitively appealing, simple indicators to more sophisticated, complex metrics based on input-output techniques. Both ends of this spectrum come with specific trade-offs. Without a proper comparison and understanding of these metrics, empirical analysesâ€”and the policies based on themâ€”risk being misinformed. We have collected several of these measures, adapted some, and developed one. This led to a set of so-called domestic participation indicators. In this paper we also ask: how do these domestic participation indicators respond under different forms of shoring? We use global multiregional input-output (GMRIO) tables from the OECD, covering 45 industries in 76 countries from 1990 to 2022.