

Conference theme: On the fly

Session: 4.1 The effects of COVID: Revulsion, recession and recovery



# *Measuring the impact of COVID-19 on Nordic companies' international sourcing decisions and value chains*

August 23/08/2022, 13:00 - 13:55  
Reykjavik, Iceland

# Co-authors

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Alina Grecu, [agc@dst.dk](mailto:agc@dst.dk) & Michael Elgaard Nielsen, [men@dst.dk](mailto:men@dst.dk)



Merja Myllymäki, [merja.myllymaki@stat.fi](mailto:merja.myllymaki@stat.fi)



Andreas Poldahl, [andreas.poldahl@scb.se](mailto:andreas.poldahl@scb.se)



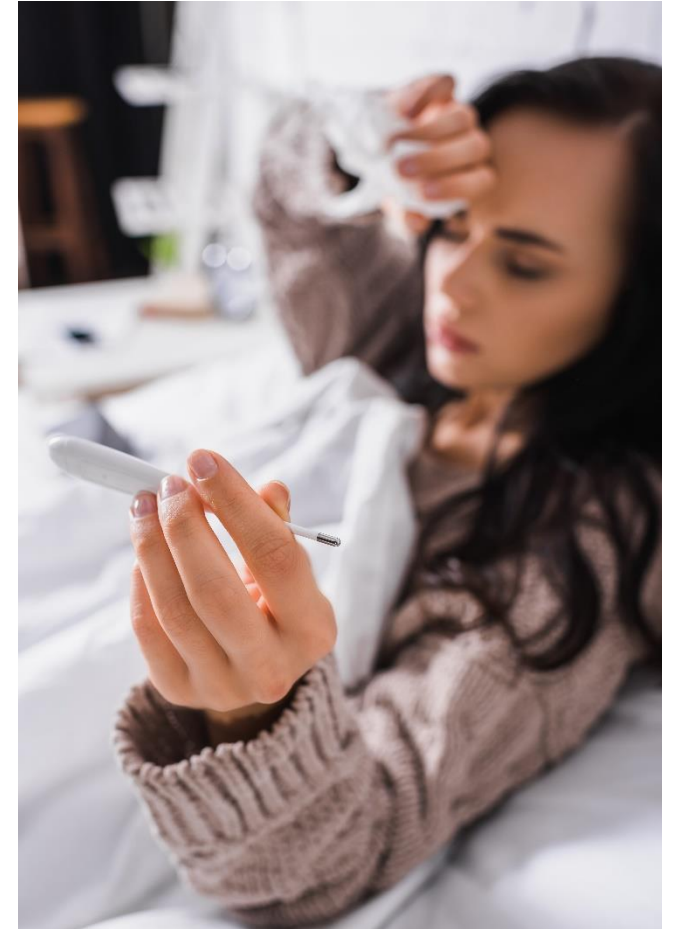
Thomas Moen, Statistics Norway, [thomas.moen@ssb.no](mailto:thomas.moen@ssb.no)

# *The paper in a nutshell*

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- *The impact of COVID-19 of interest to politicians, researchers and the public*
- *Collecting data - challenging for NSIs*
  
- *Global Value Chains and International Sourcing survey in the Nordics*
  
- *data collection challenges, data limitations and quality issues*
- *opportunities for future analysis and dialogue*

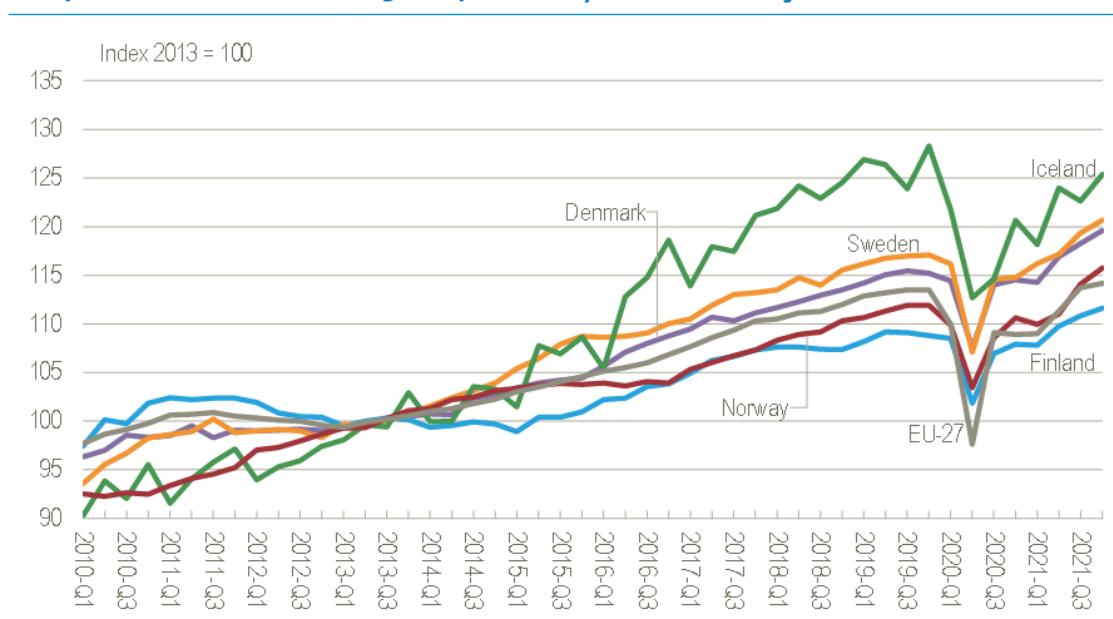






# The Nordics during COVID-19

GDP, Chain linked volumes (2013=100), seasonally and calendar adjusted data<sup>1</sup>



\* Gross domestic product Mainland Norway

Source: Eurostat, ssb.no, and hagstofa.is

Werke et al. (2022). *The Nordics during the first phases of COVID-19.*

## Covid Resilience Ranking



Get info and sort on table headers

REOPENING PROGRESS COVID STATUS QUALITY OF LIFE

RANK	CHANGE	ECONOMY	BLOOMBERG RESILIENCE SCORE	VACCINE DOSES PER 100	LOCKDOWN SEVERITY	FLIGHT CAPACITY	VACCINATED TRAVEL ROUTES
1	▲5	South Korea	80.9	244	14	-50.1%	438.5
2	▲3	UAE	80.7	268.5	30	-20%	438.5
3	▼1	Ireland	80.5	223.4	11	-6.9%	438.5
4	▼3	Norway	80.1	211.7	11	-2.4%	438.5
5	▲5	Saudi Arabia	79.8	190.5	25	-12.6%	436.5
6	▼3	Denmark	79	227.2	11	-17.1%	438.5
7	-	Canada	78.8	229.3	19	-15.5%	437.5
8	▼4	Netherlands	78.6	203	16	-11.1%	439.5
9	▲14	Australia	78.1	234.2	14	-16.2%	436.5
10	▲11	Turkey	77.3	176.8	14	-8.2%	436.5
11	▼3	Switzerland	77.2	183	11	-18.4%	438.5
12	▲4	Colombia	76.7	170.3	20	15.5%	437.5
13	▲2	Chile	76	303.7	25	-19.9%	437.5
14	▼2	Singapore	75.6	249.7	32	-48.1%	439
15	▼2	Belgium	75.2	222.6	21	-16.2%	438.5
16	▼5	Israel	74.8	197.3	15	-24.3%	438.5
17	-	France	74.7	227.4	19	-13.8%	438.5
18	▲4	Vietnam	74.6	235.7	26	3%	435.5
19	▲7	Italy	74.5	231.7	19	-6.4%	438.5
20	▼11	Sweden	74.4	218	11	-26.1%	438.5
21	▼1	Spain	74.3	215.8	28	-8.2%	438.5
22	▼8	U.K.	74.2	222.7	11	-15%	438.5
23	▼4	Germany	74.2	219.6	18	-26.3%	437.5
24	▲8	Greece	74.1	196.8	24	7.6%	438.5
25	▲4	Portugal	73.9	236.8	14	-1.3%	438
26	▼8	Finland	73.8	220.1	27	-34.5%	438.5
27	▲1	Argentina	73.2	232.4	28	-28.8%	437.5
28	▲2	Mexico	71.8	163.7	18	6.3%	437.5
29	▼5	Poland	71.8	143.8	15	-5.3%	435.5
30	▲11	Japan	71.4	225.9	38	-31.8%	295.5

Bloomberg (2020 - 2022)

# *Academic research and national surveys*

International sourcing (i.e. business relocation from one country to another):

- Impact on companies performance, employees and countries → research (Mudambi & Venzin, 2010)
- Disruptions require fast analyses **”on the fly”**
- Nordic countries have unique data

## *Global Value Chains and International Sourcing survey (2018 – 2020, Nordics)*

Table 1. Survey populations

	Denmark	Finland	Norway	Sweden	Total
Number of enterprises	3,522	3,654	3,842	5,815	16,833
Number of persons employed	778,576	827,797	816,310	1,657,643	4,080,326



# GVC surveys: *periods & countries*



2001-2006

- Czech Rep.
- Denmark
- Finland
- Great Br.
- Germany
- Ireland
- Italy
- Netherlands
- Norway
- Portugal
- Sweden
- Slovenia
- Spain

2009-2011

- Belgium
- Bulgaria
- Denmark
- Estonia
- Finland
- France
- Ireland
- Latvia
- Netherlands
- Norway
- Portugal
- Romania
- Slovakia
- Sweden

2014-2016

- Austria
- Bulgaria
- Denmark
- Finland
- Germany
- Hungary
- Italy
- Latvia
- Lithuania
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Sweden

2018-2020

- Austria
- Bulgaria
- Denmark
- Finland
- France
- Germany
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Sweden



# GVC surveys: main themes

2001-2006
<ul style="list-style-type: none"><li>· Domestic sourcing</li><li>· Int'l sourcing<ul style="list-style-type: none"><li>· Business functions</li><li>· Geography</li><li>· Organizational</li><li>· Job impact</li><li>· Motivation factors</li><li>· Barriers</li></ul></li><li>· IS future plans</li></ul>

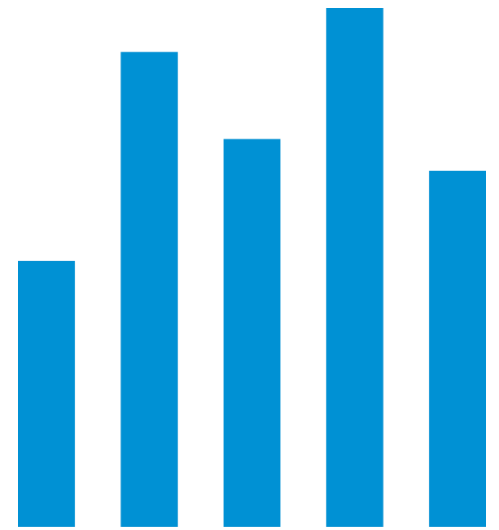
2009-2011
<ul style="list-style-type: none"><li>· Domestic activities</li><li>· Int'l sourcing<ul style="list-style-type: none"><li>· Business functions</li><li>· Geography</li><li>· Organizational</li><li>· Job impact</li><li>· Motivation factors</li><li>· Barriers</li></ul></li><li>· Int'l back-sourcing and relocation</li><li>· Foreign affiliates</li><li>· Suppliers abroad</li></ul>

2014-2016
<ul style="list-style-type: none"><li>· Domestic activities</li><li>· Domestic sourcing</li><li>· Int'l sourcing<ul style="list-style-type: none"><li>· Business functions</li><li>· Geography</li><li>· Organizational</li><li>· Job impact</li><li>· Motivation factors</li><li>· Barriers</li></ul></li><li>· Moving functions back to DK</li></ul>

2018-2020
<ul style="list-style-type: none"><li>· Domestic activities</li><li>· GVC arrangements<ul style="list-style-type: none"><li>· Buying/selling goods</li><li>· Buying/selling services</li></ul></li><li>· Int'l sourcing<ul style="list-style-type: none"><li>· Business functions</li><li>· Geography</li><li>· Organizational</li><li>· Job impact</li><li>· Motivation factors</li><li>· Barriers</li></ul></li><li>· COVID-19</li></ul>

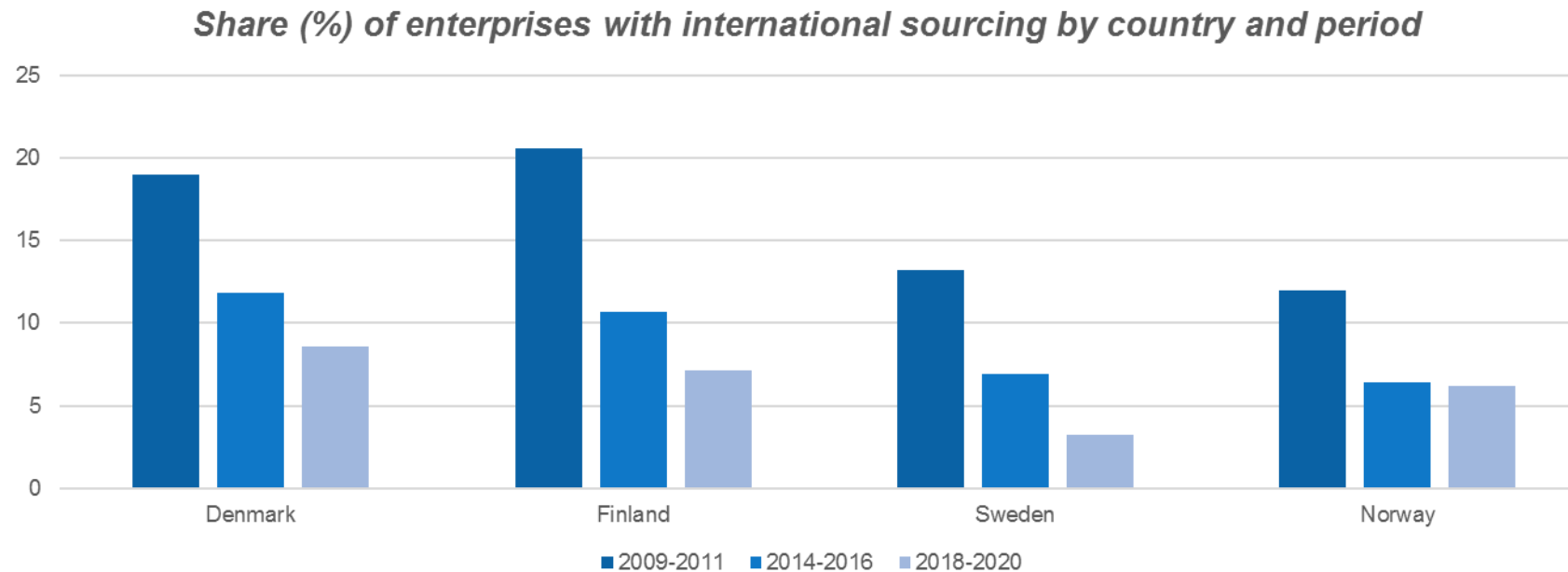
# ISGVC Findings: 2018-2020

- Relocation of jobs abroad has fallen drastically
- To EU countries & within their own group
- Support functions more often than core functions
- Lower costs are still the main motive



# GVC Findings: *over time*

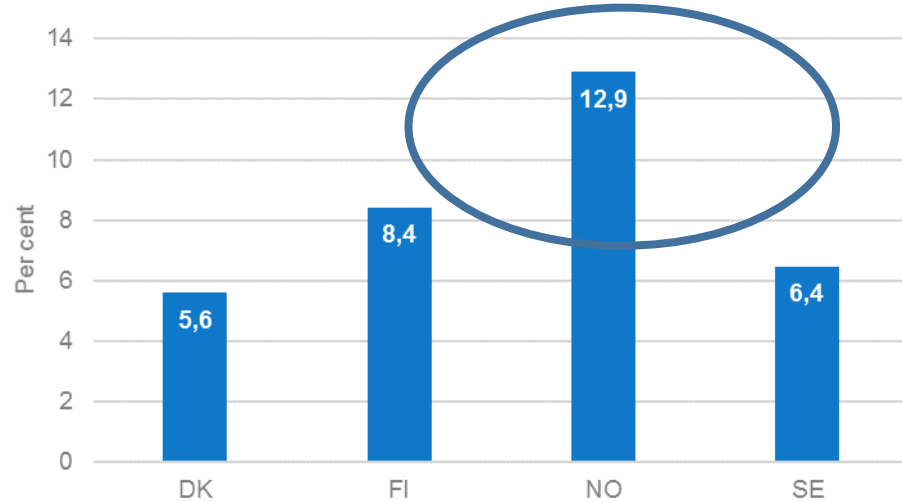
- In the Nordics: enterprises with 50+ employees\*



Note: \*For Finland, Sweden and Norway, the 2009-2011 shares are calculated based on the sub-sample of companies with 100+ employees.

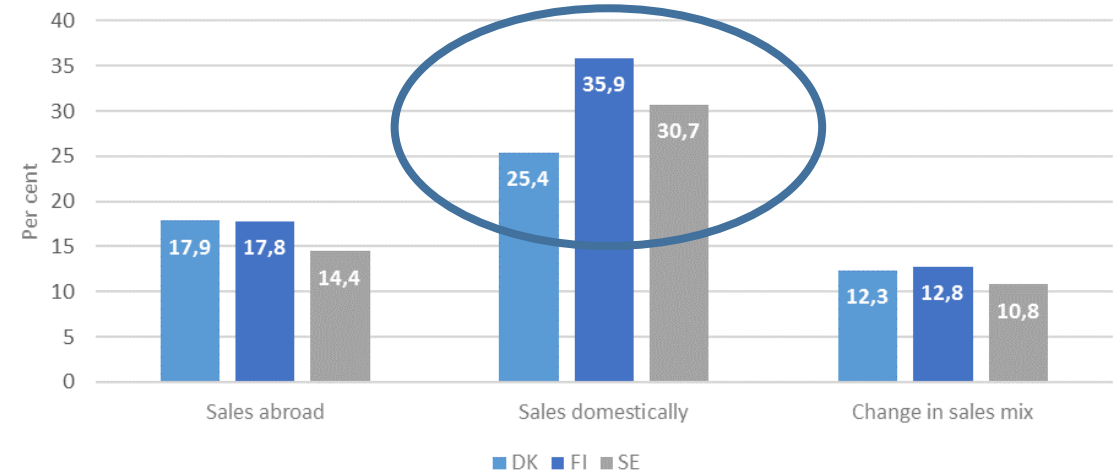
# ISGVC Findings: COVID-19

Importance of COVID-19 as a barrier for international sourcing (all enterprises)



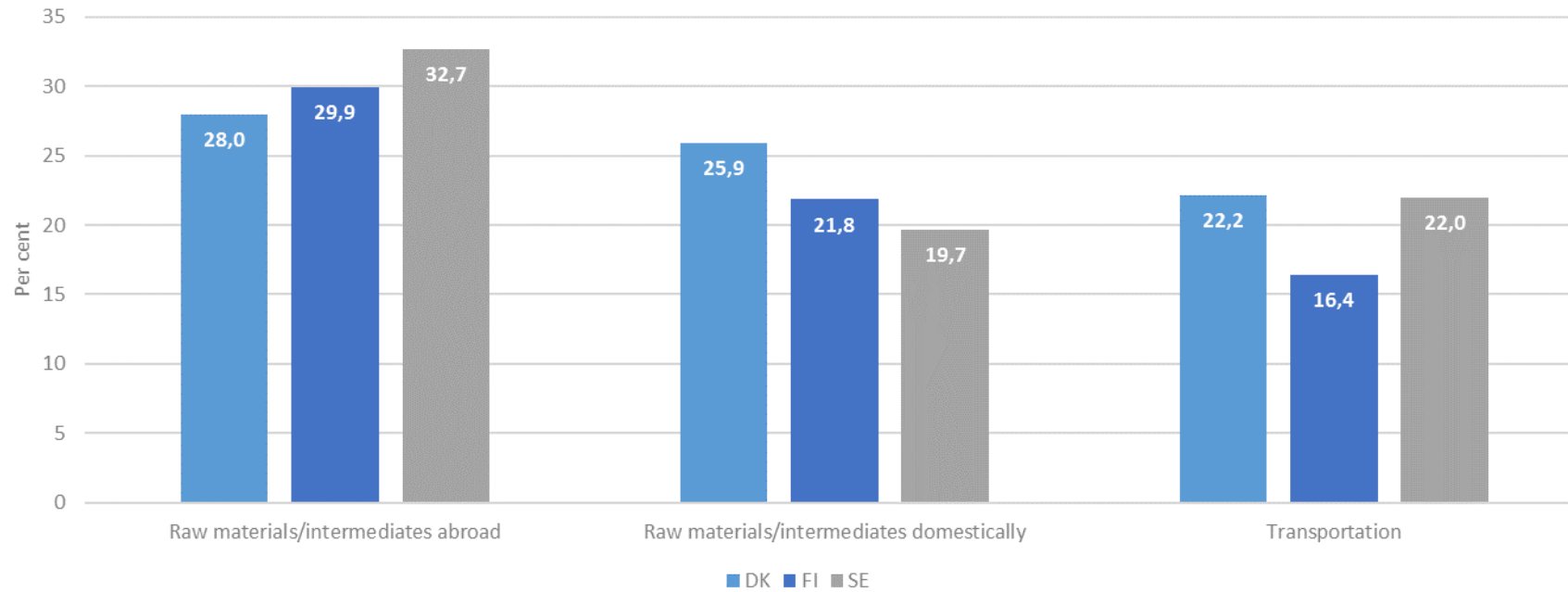
Note: Share of companies reporting COVID-19 as Moderately or Very important barrier when considering or carrying out international sourcing in the period 2018-2020.

COVID-19 impact on sales and sales channels in 2020 (all enterprises)



Note: Share of companies reporting Severe or Moderate impact from COVID-19 on different aspects of business in 2020. For Denmark, the reply categories are Very important and Important.

## Impact of COVID-19 on Industry and Construction

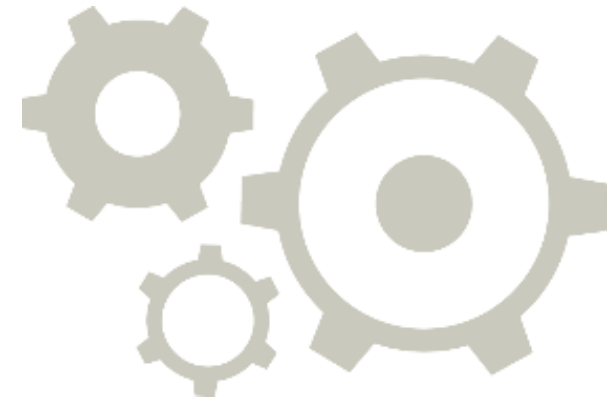


Note: Share of companies reporting Severe or Moderate impact from COVID-19 on different aspects of business in 2020. For Denmark, the reply categories are Very important and Important.



# *GVC survey: challenges*

- More analyses needed (e.g. COVID-19 questions linked to other data sources)
- EU regulations: good, but contents need to be specified a long time in advance → collaboration needed
- If companies are not engaging in offshoring, what are the key globalization trends then?



# *Future perspectives*

- New EU regulation on European business statistics entering into force → ISGVC statistics
  - Mandatory for all member states; Triennial, “Dynamic”  
[Regulation \(EU\) 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics](#)
- Dialogue, dialogue, dialogue
  - Companies, researchers, policy-makers
  - EU & Nordics (e.g. NSM22 workshop, Task Force meetings)





*Thank you!*