

The impact of COVID on exports related jobs in the European Union

The current COVID-19 pandemic has had drastic and unprecedented impact on trade, employment and GDP worldwide. It affected and in many cases disrupted the sourcing of foreign value-added along global supply chains and altered companies' decisions in respect to their preferred choice of optimal intermediate inputs mix. Export restrictions, and in some cases export bans, led to disruptions in productions patterns and exposed the vulnerability of global supply chains interdependencies in several sectors. On the final demand side, COVID related curfews and closures of several businesses led to a significant decline in households' expenditures on foreign and domestic goods and services.

Against this background, the purpose of the current paper is to assess the impact of the pandemic on exports related jobs in the European Union (EU) by using a multi-region input output (MRIO) tables framework. More specifically, the authors will use the OECD ICIO inter-country input-output tables, expected to be available up to 2018 for this analysis. To this end and in a first step we will estimate the expected number of exports dependent jobs in the year 2020 based on the creation of a counterfactual trade volume that would have been realised had the pandemic not hit the world economy. For that purpose, the authors will make use of global projections to extrapolate hypothetical trade volumes for the year 2020. The estimation of the exports dependent jobs will be based on the methodology in Kutlina-Dimitrova, Rueda-Cantuche, Amores and Román (2018).¹ By following this approach, one arrives at the number of jobs dependent on extra-EU exports in the absence of COVID-19 related trade shocks.

In a second step, the authors will combine the OECD ICIO tables with actual trade, employment and output data for the year 2020 and will estimate the number of jobs related to the EU exports to the world in such year. The difference between steps 1 and 2 yields the net impact of the COVID-19 pandemic on exports dependent jobs in the EU.

While following the approach underlined above, the authors will implement several adjustments linked to the price evolution of exports, the real total output growth and methodological corrections to make trade statistics on goods and services meet the National Accounts concepts introduced by the ESA-2010 methodology.

The estimated results of the impact of the COVID-19 pandemic on the number of jobs related to extra-EU exports will be available by EU Member States.

¹ Kutlina-Dimitrova, Z., Rueda-Cantuche, J-M., Amores, A-F. and Roma, V. (2018), *How important are EU exports for jobs in the EU?*, DG TRADE Chief Economist Note 4, November 2018, Brussels.