

The Role of Robotization in Reshoring: An Overview of the Implications on International Trade

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Abstract : In the pursuit of reducing production costs, offshoring has been a major trend throughout global value chains for many decades. However, with the rise of advanced technologies, new opportunities to automate their production are changing the motivation of multinational firms to go offshore. Instead, many firms are working to relocate their offshored activities from developing economies back to their home countries. This phenomenon, known as reshoring, has recently garnered much attention as it becomes clear that automation in advanced countries might have major implications not only on their own economies but also through international trade on the economy of low-income countries, including their labor market outcomes and their comparative advantages. Thus, while using robots to substitute human labor may lower the relative costs of producing at home, it has the potential to decrease employment and demand for exports from developing economies through reshoring. In this paper, we investigate the recent literature to provide a further understanding of the relationships between robotization and the reshoring of production. Moreover, we analyze the impact of robot adoption on international trade in both developed and emerging markets. Finally, we identify the research gaps and provide avenues for future research in international economics. This study is a part of the project funded by the Internal Grant Agency (IGA) of the Faculty of Business Administration, Prague University of Economics and Business.

Keywords : automation, robotization, reshoring, international trade

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