Horses for Courses Measuring Foreign Supply Chain Exposure

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Perceptions of global supply chains (GSCs) have shifted in recent years from a positive to a more cautious view. Standard GSC measures have mostly not adapted to this change as they focus on participation in, rather than exposure to, foreign supply chains. This paper presents the tools necessary to track foreign GSC exposure, and introduces a systematic shocks approach to GSC indicator design. We use this to develop indicators that gauge the impact of a variety of foreign shocks. We argue that different indicators are appropriate to different questions and show that they can provide qualitatively different answers to the same foreign exposure question.

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