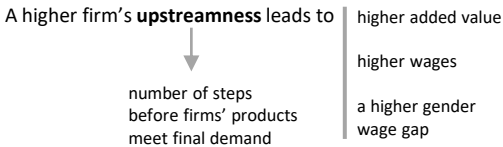


Native-immigrant wage gaps: Is it worth moving upstream?

Valentine Fays, Benoît Mahy & François Rycx

Emergence of Global Value Chains



Important native-immigrant wage gaps explained by

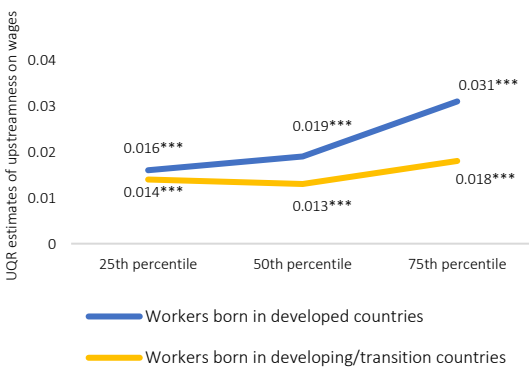
- difference in human capital
- sectoral and occupational segregation
- wage discrimination

The potential role of upstreamness has not been determined yet

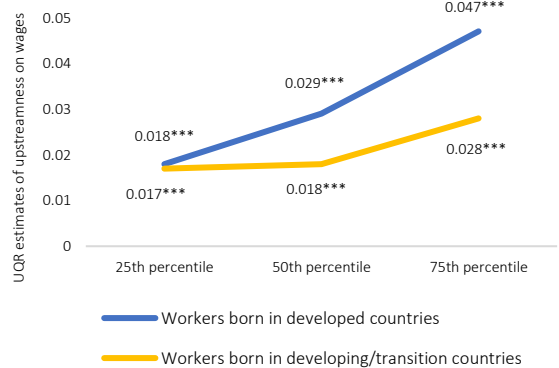
We investigated the contribution of upstreamness to native-immigrant wage gaps along the wage distribution

- Are migrants unequally distributed in less upstream firms in the value chain, leading to lower wages? (Compositional effect)
- Do migrants gain less from upstreamness than natives? (Wage structure effect \approx Discrimination)

Upstreamness increases workers' wages differently according to their origin, especially at the top of the wage distribution



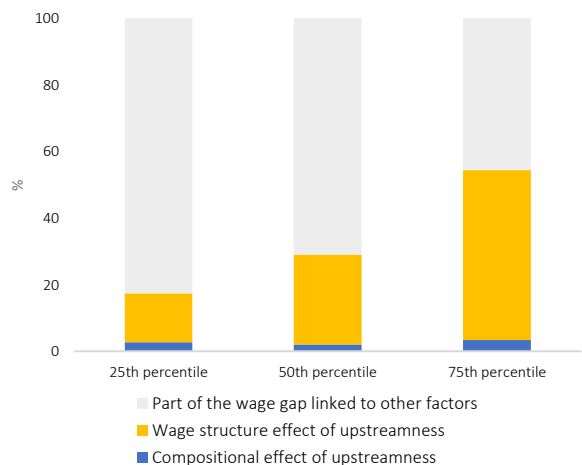
These results are even worsened when workers are employed in high technology/high knowledge intensity sectors



The estimated native-immigrant wage gap increases along the wage distribution and is due to

- a different distribution of workers along the Global Value Chains, even though its explanatory power is relatively small
 - Compositional effect
- different returns of upstreamness on wages according to workers' origin, which has a substantial explanatory power especially at the top of the wage distribution
 - Wage structure effect \approx Discrimination

Wage gap decomposition along the wage distribution



Results are robust to different definitions of wage, in particular when removing compensating differentials