Artificial Intelligence and Regional Disparities

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Abstract

This paper sheds light on how AI is expected to reshape regional EU labour markets in the coming years, analysing the implications of this shift for regional disparities. To conduct the analysis, we use a spatial dynamic general equilibrium model calibrated for the EU NUTS2 regions in which the workforce is divided by AI exposure levels across EU regions and sectors. Specifically, we leverage AI occupation-specific exposure data to simulate how the EU workforce is expected to evolve as AI spreads through the economy, providing a comprehensive overview of the current state of AI exposure across regions in the. The findings reveal a scenario in which AI increases regional disparities, benefiting labour market conditions in more developed regions while negatively impacting or having a negligible effect on less developed regions.

Keywords: Artificial Intelligence; Technological Change; Regional Disparities; Labour Markets.
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