



Trade in value-added: New evidence on global value chains from recent OECD work

Sebastian Benz

OECD Trade and Agriculture Directorate

NIESR workshop on Global Value Chains: Current developments and implications for Europe

6 June 2019

OECD Trade in Value Added (TiVA) Database

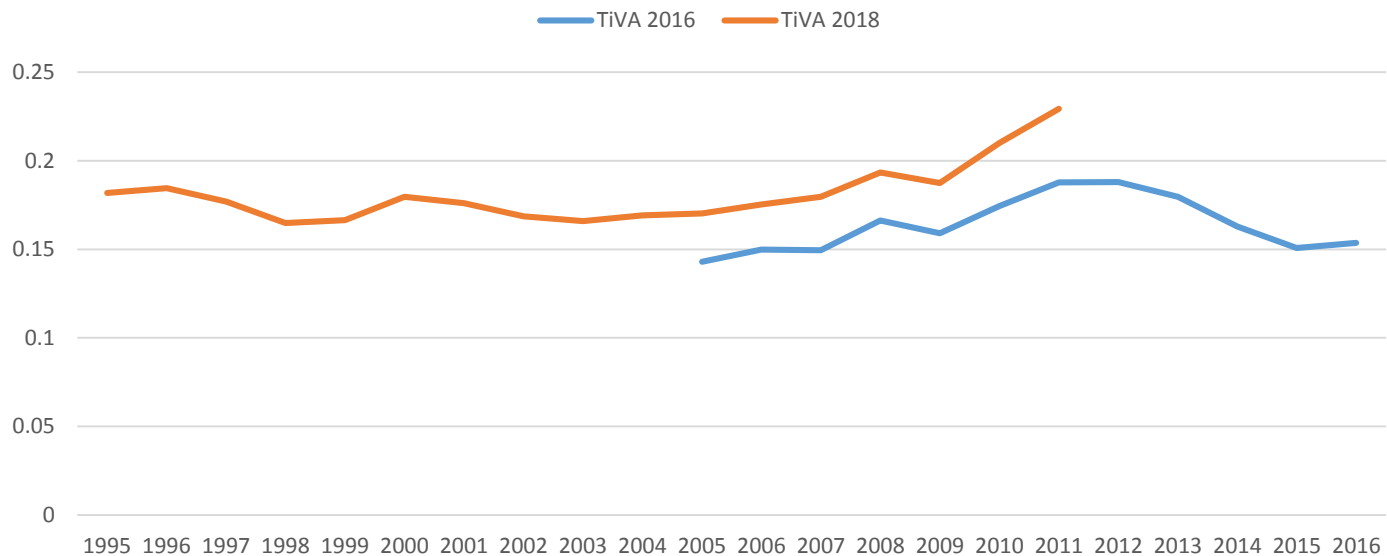
- What you can see in TiVA:
 - Origin of value-added for any good or service exported or consumed
 - Three dimensions: country of origin, country of production/final export, country of consumption
 - Final destination and transit partners for VA originating in the domestic economy
 - Jobs embodied in trade (and other extensions based on value-added)
- What you cannot see:
 - Production and trade by foreign-owned firms (linkages between foreign investment and trade)
=> Analytical AMNE database

TiVA 2018 edition

- Major update of TiVA infrastructure:
 - New concepts following the System of National Accounts 2008
 - New industry classification (ISIC Rev. 4) – 36 industries
 - New framework with data (or estimates) for individual countries in the ‘rest of the world’ and underlying data based on 76 industries
- Based on latest available national data and international sources: SUTs, IOTs, SNA time series, bilateral trade in goods and services etc.
- Core years: 2005-2015 + 2016 preliminary
- Country coverage: 64 economies (addition of Kazakhstan)

Foreign value-added in gross exports for the UK: TiVA 2018 versus TiVA 2016

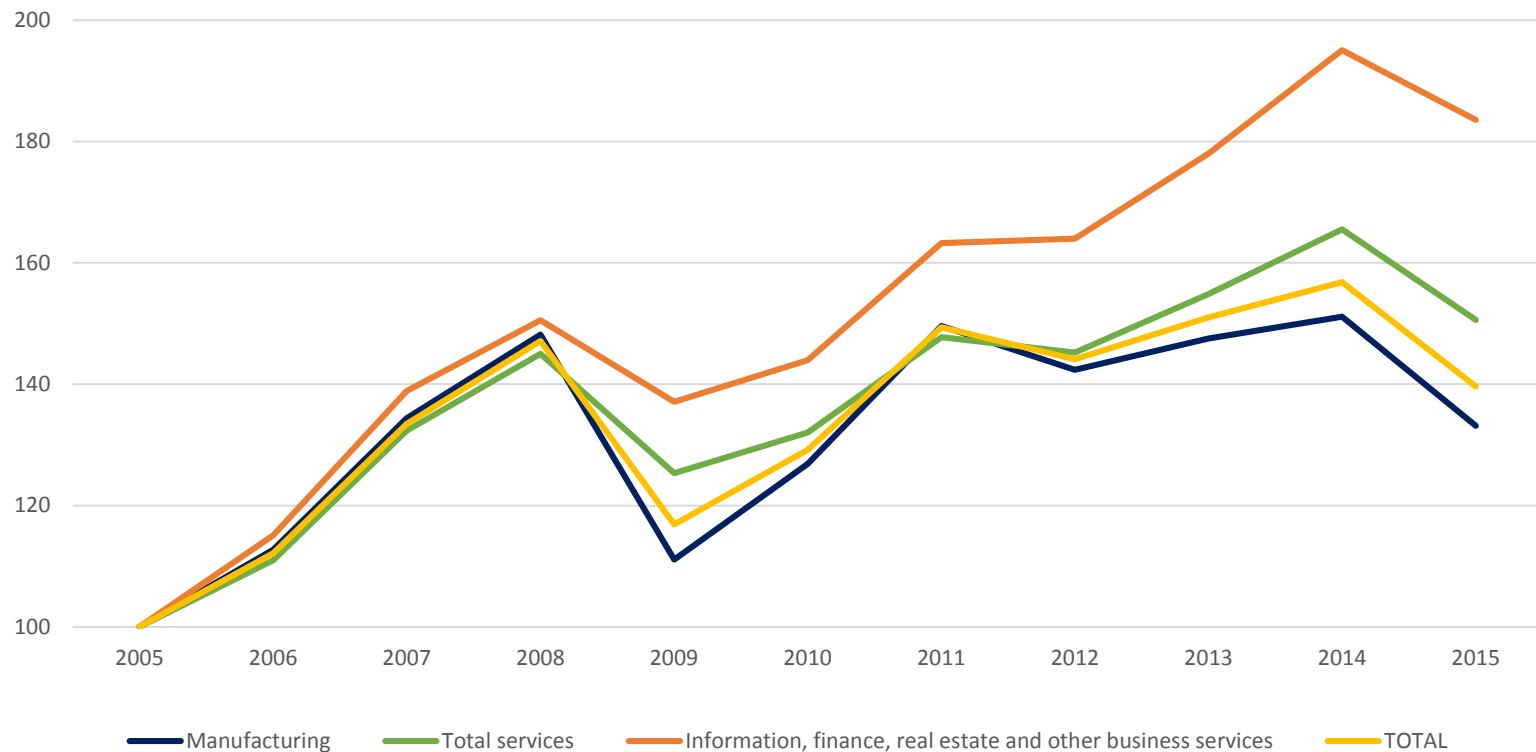
- Trade flow requires change in ownership
- R&D no longer regarded as an intermediate input: higher ratio of domestic value-added to gross output
- lower foreign VA content of exports



Source: TiVA; preliminary results for 2016

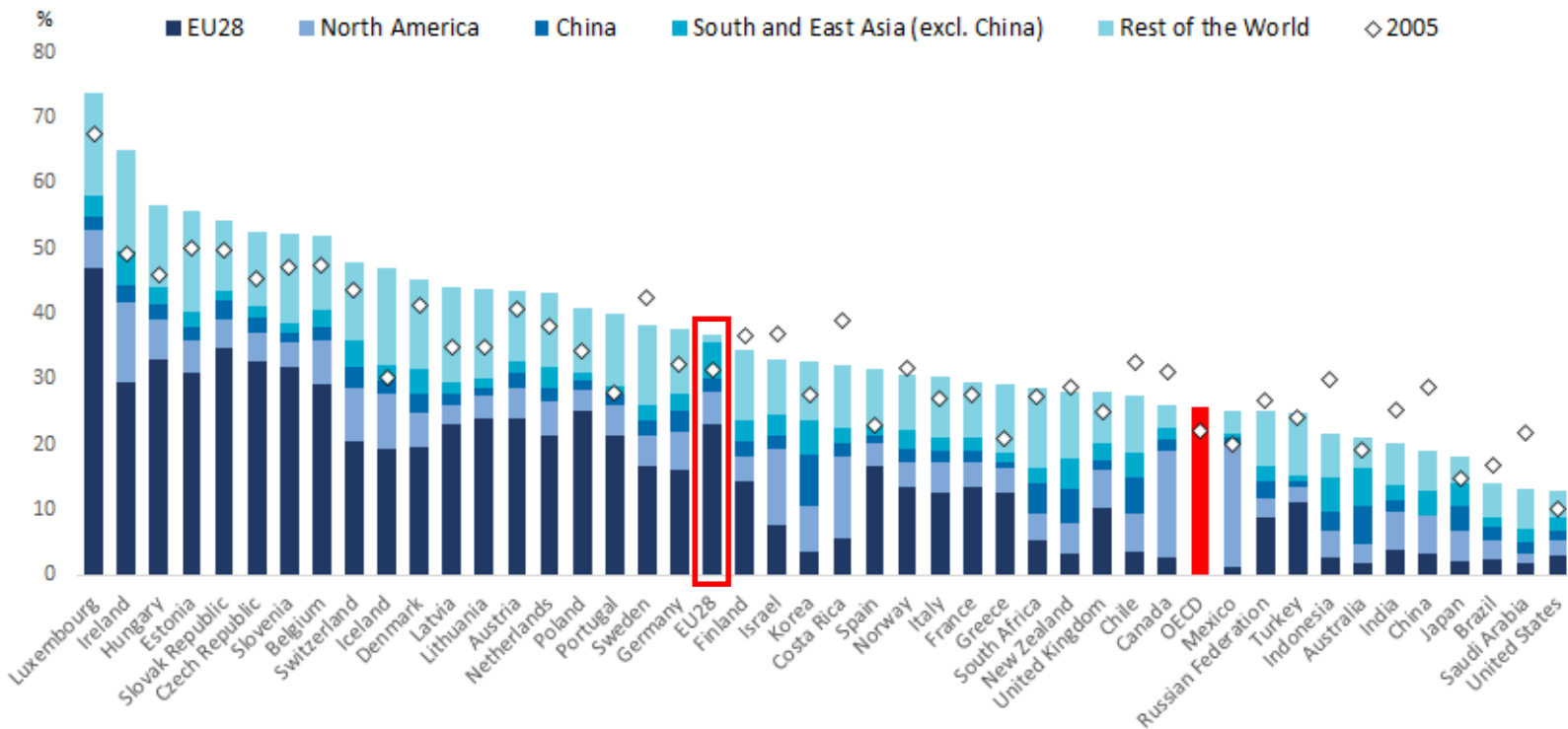
Recovery of EU exports after financial crisis but lack of dynamism, especially in manufacturing

Gross exports by sector - Average of EU28



Source: TiVA, 2018 edition.

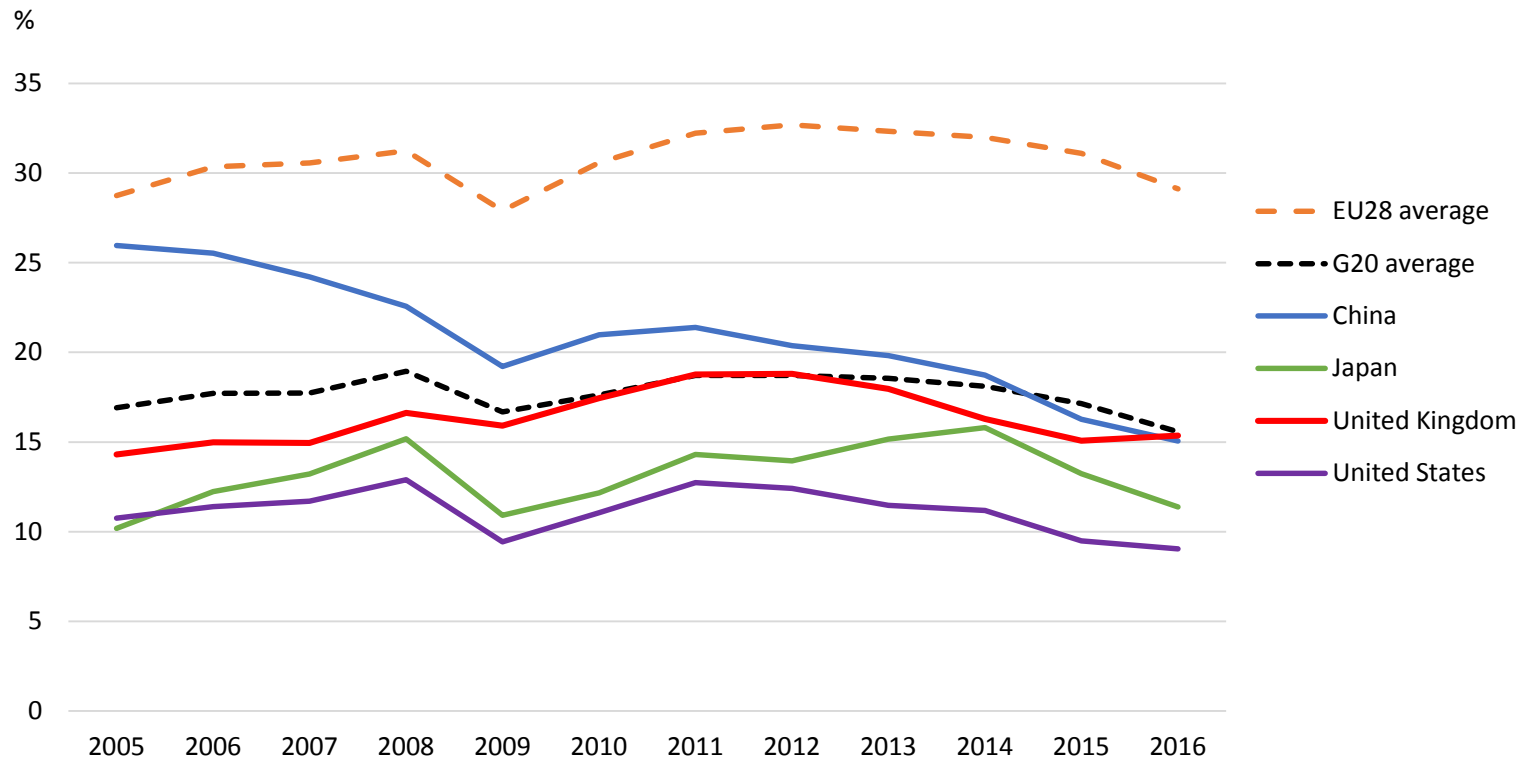
High share of employment sustained by foreign final demand



Source: OECD Trade in eEmployment (TiE) Database

Based on other measures globalisation is slowing down or even reversing..

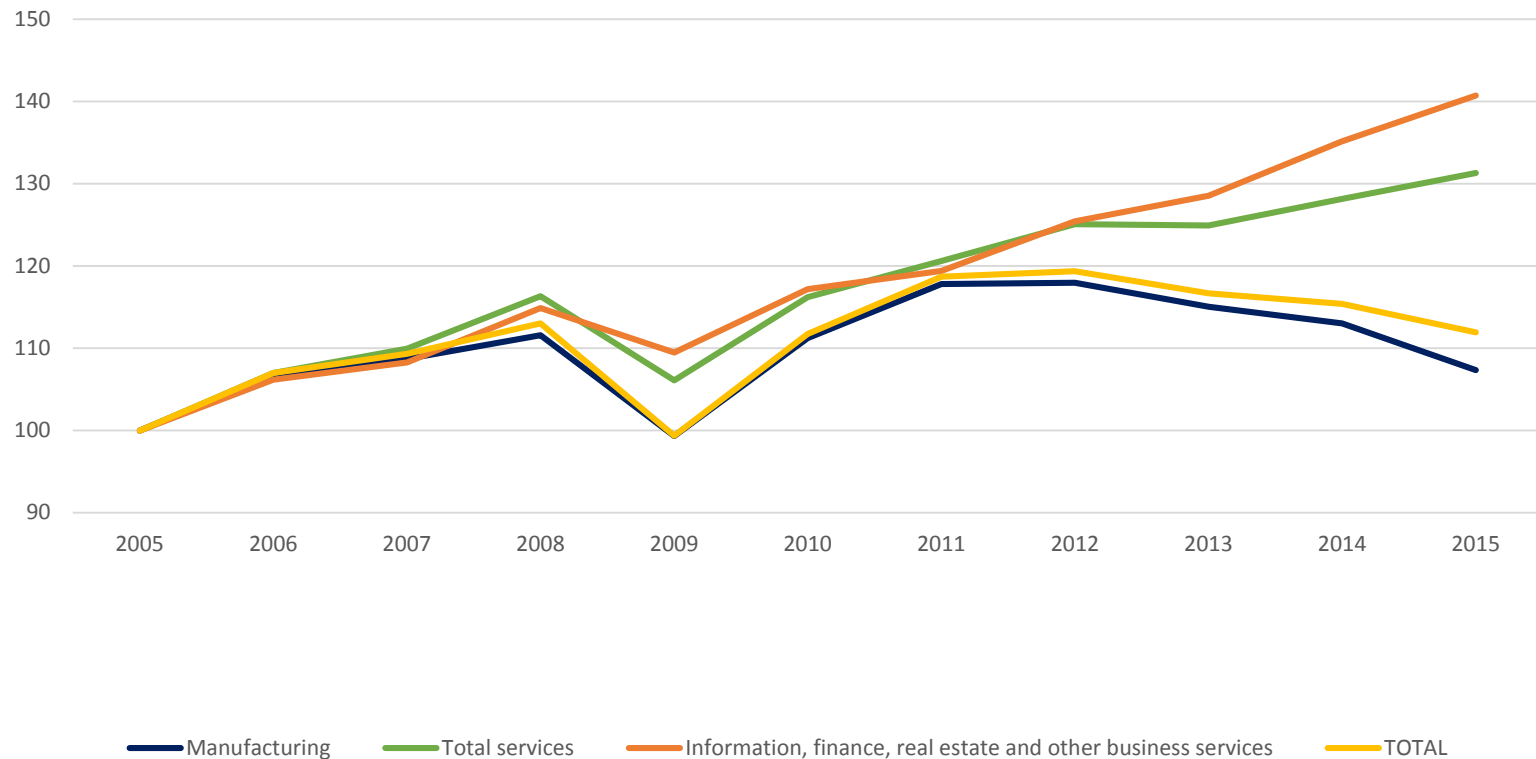
Foreign value added in exports (2005-2016)



Source: TiVA, 2018 edition; preliminary results for 2016

Mostly a manufacturing phenomenon – EU services value chains are becoming more global

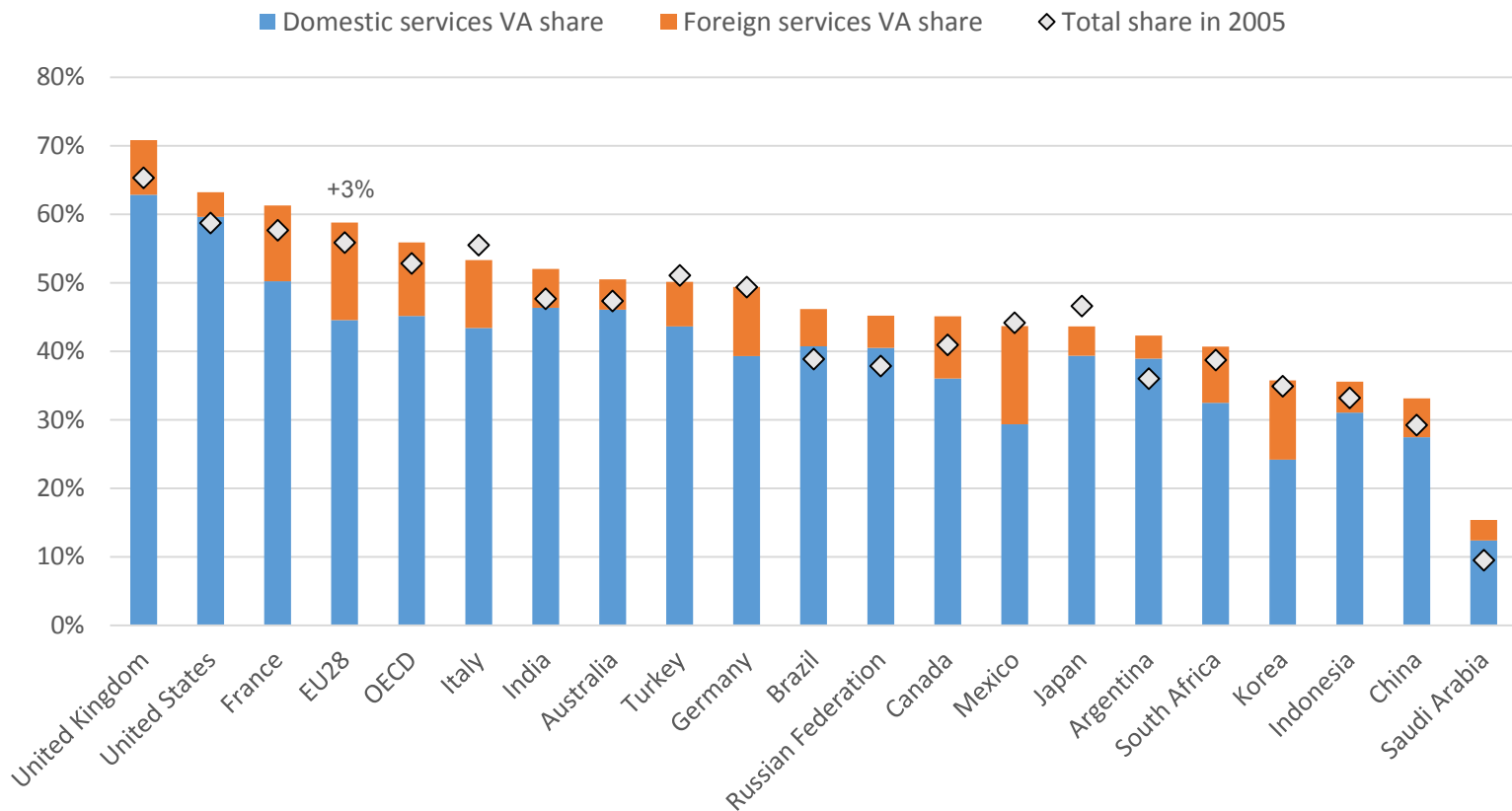
Foreign value added in gross exports by sector - Average of EU28



Source: TiVA, 2018 edition.

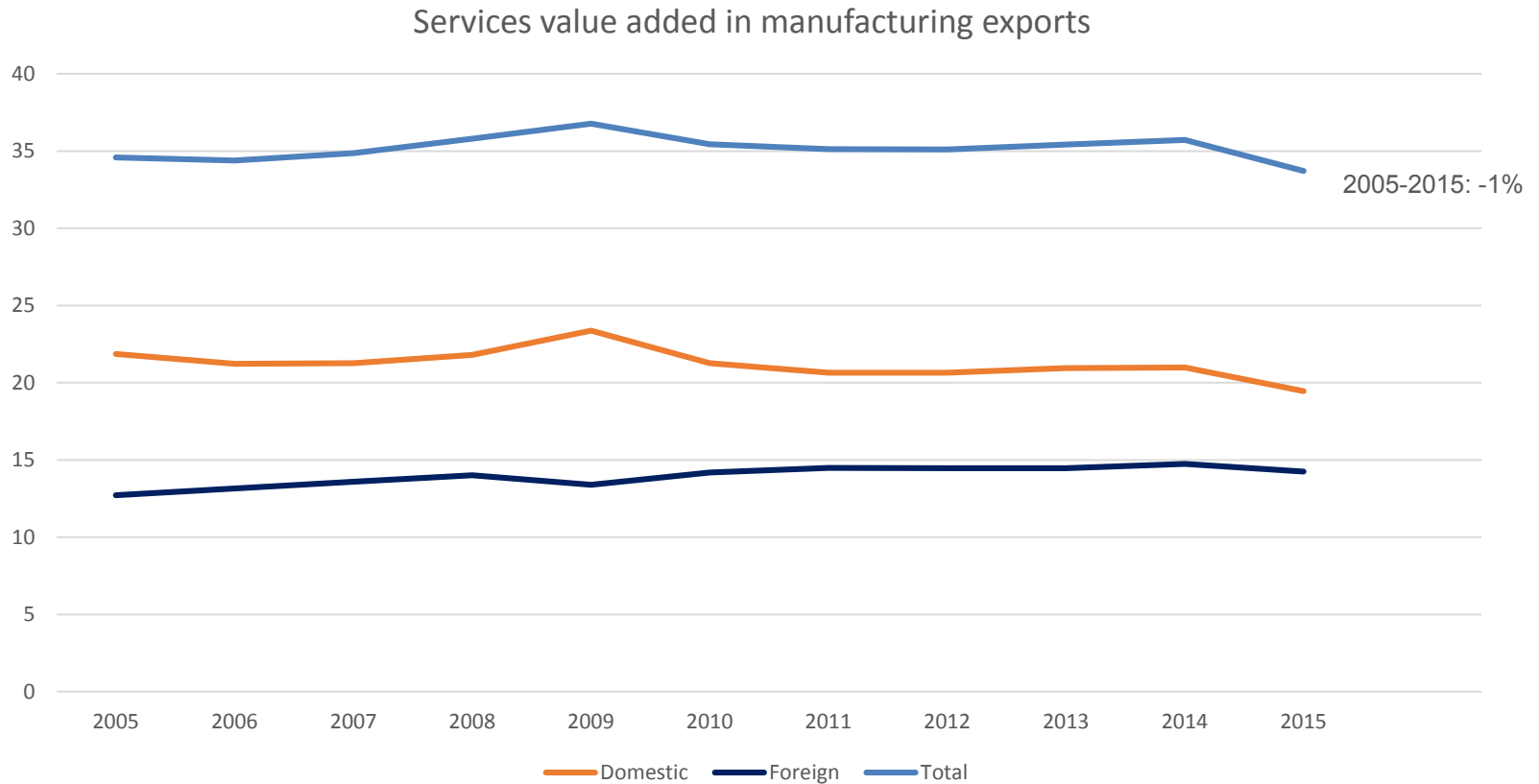
Rising services VA in exports in most countries...

Service content of gross exports, 2016



Source: TiVA 2018 edition; preliminary results for 2016

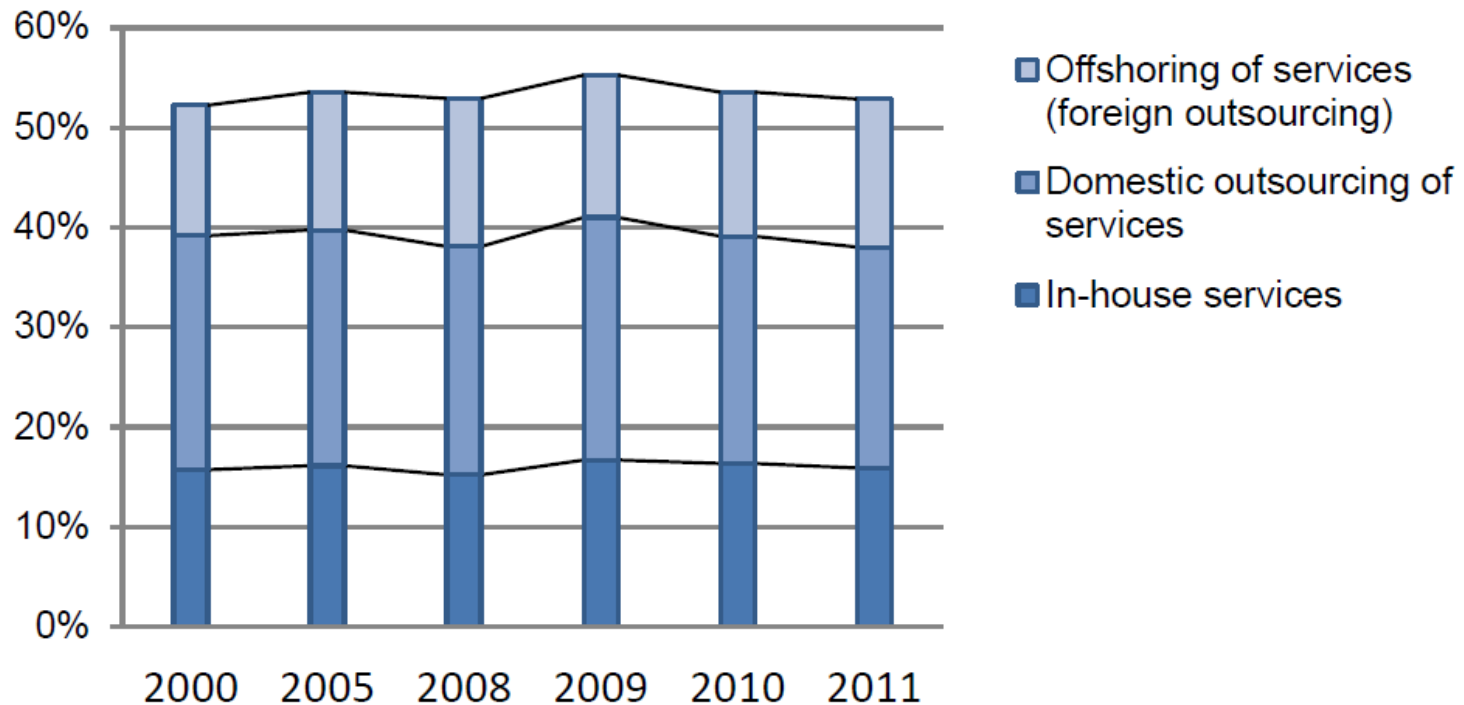
...but no growth of services VA in manufacturing exports



Source: TiVA 2018 edition.

TiVA data underestimate services value added by ignoring in-house services

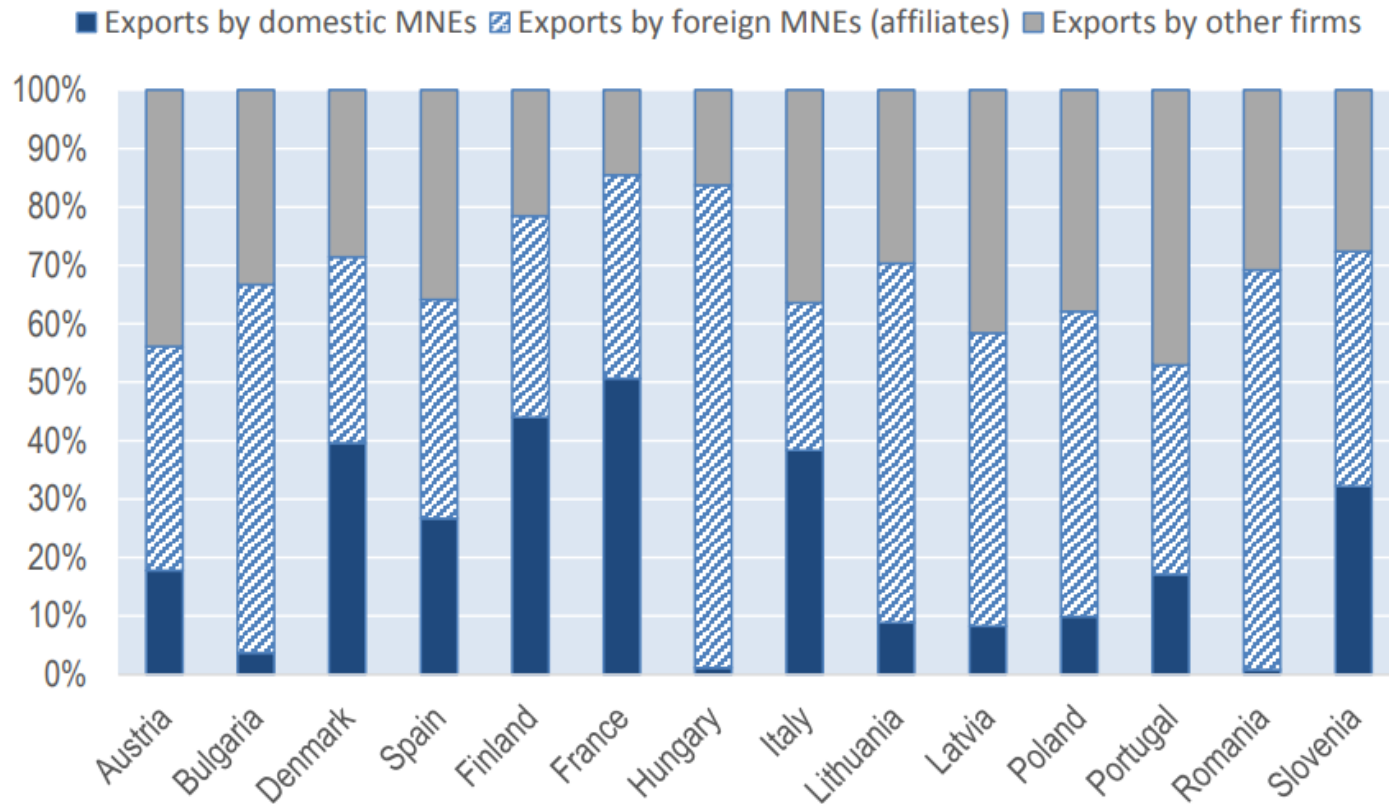
In-house, outsourced and offshored service VA in manufacturing exports (as a % of gross exports), sum for selected countries, 2000-2011



Source: Miroudot & Cadestin (2017)

High importance of MNEs for global value chains

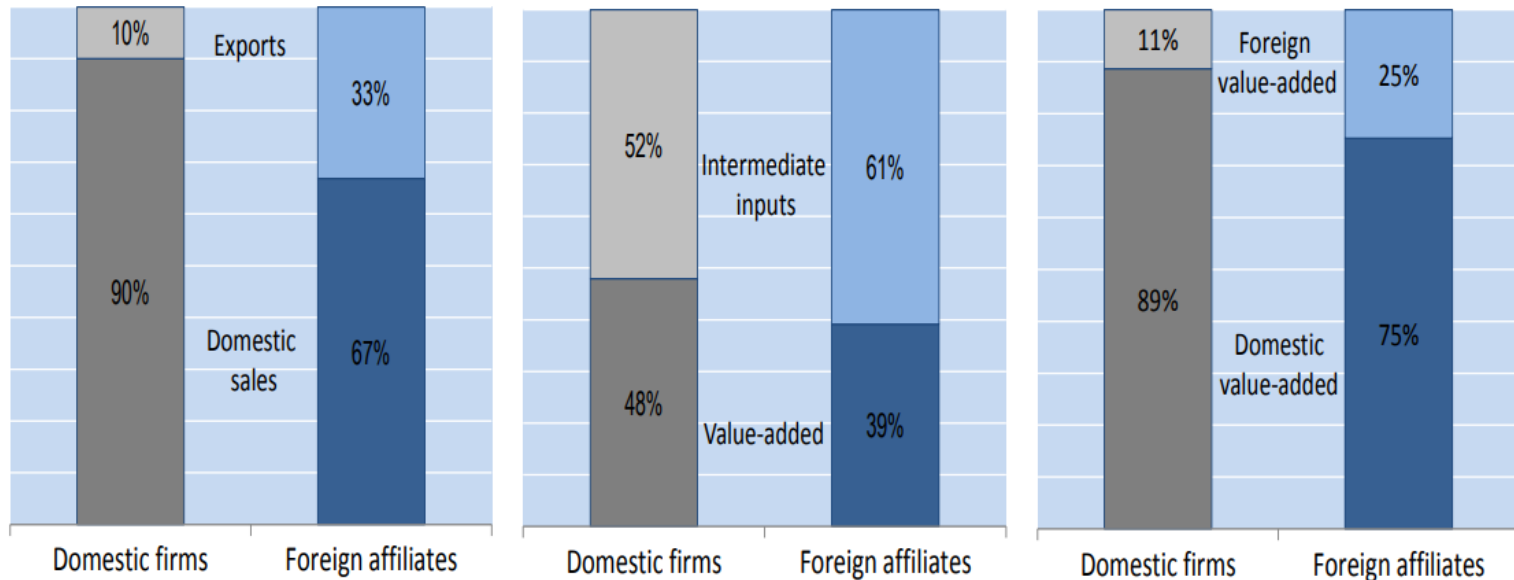
Gross exports decomposition, latest year available



Source: Cadestin et al. (2018)

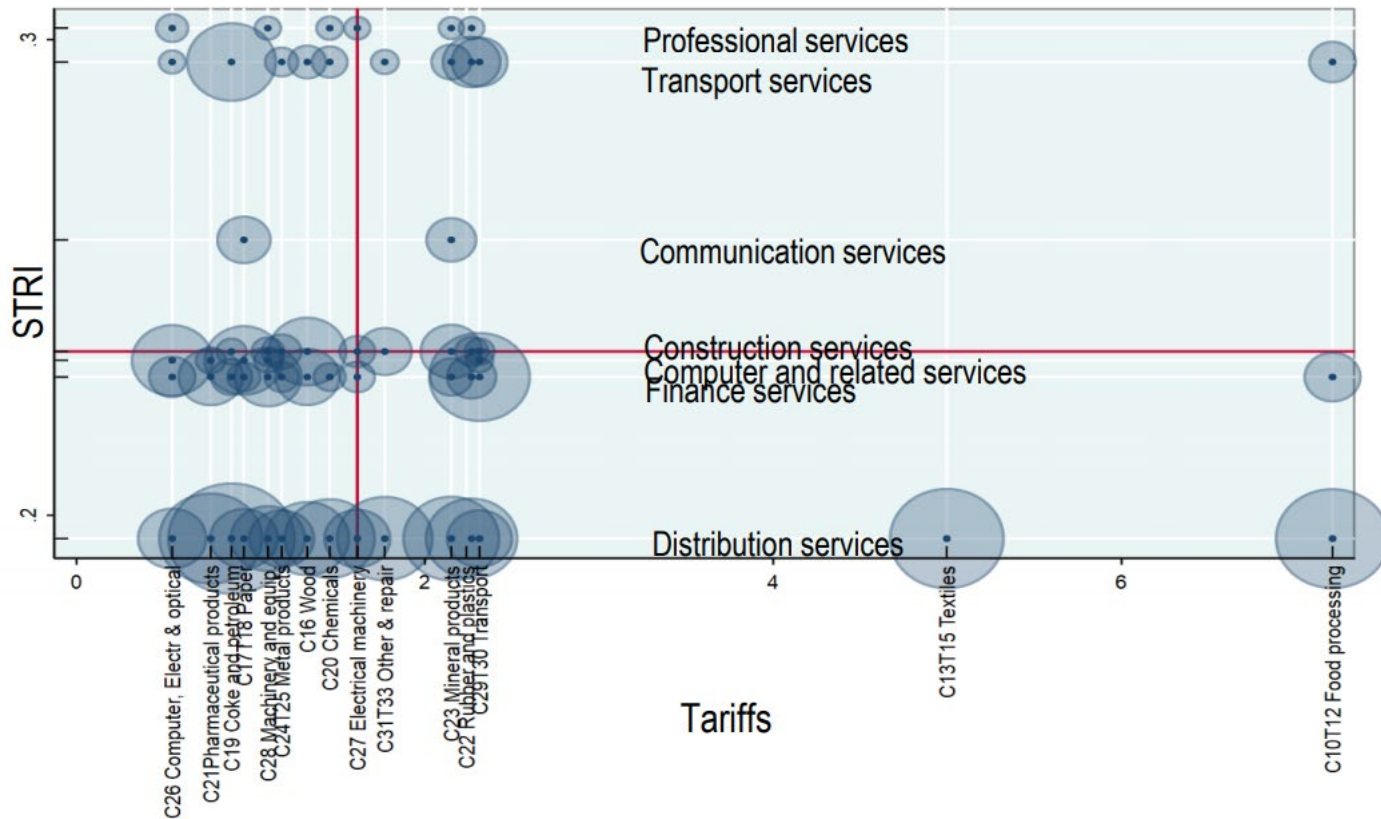
Domestic firms and MNEs differ in many ways

Differences between foreign affiliates and domestic companies, 2014 (in % of output)



Source: Cadestin et al. (2018)

Goods and services are increasingly exported in bundles – joint trade restrictiveness matters.



Source: Cadestin & Miroudot (2019)

» Summary and challenges

- Global value chains are ubiquitous and a high share of employment depends on foreign final demand.
- Rising importance of services for global trade and growing integration of services value chains:
 - Also: increasing importance of digital services trade.
 - Quantification of barriers: OECD Digital STRI.
- MNEs are important actors in global value chains.
- Growing importance of goods+services bundles:
 - New challenges for the assessment of trade barriers.
- Globalisation must become more inclusive and work to the benefit of all.
- Protect the multilateral rules-based trade system and bring global trade back on track.

Contact us

We look forward to hearing from you!



Access all of the information from the Trade & Agriculture Directorate at:

www.oecd.org/tad



You can reach us via e-mail by sending your message to the following address:

tad.contact@oecd.org



We invite you to connect with us on Twitter by following:

[@OECDtrade](https://twitter.com/OECDtrade)