

Discussion for  
WTO IDE/JETRO  
project:  
Trade Patterns and  
Global Value Chains in  
East Asia

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A New Atlas on Global Value  
Chains  
Tokyo



## VII. Evolutionary perspective on production networks in the Asia-US region

- The production chains are highly fragmented in East Asia and becoming more interconnected.
- Processing trade increasing in China.
- Gains of Chinese manufacturing sector driven not only by relative low labour cost, but also from economies of scale and access to other markets (via intermediates and exports).



## IX. Vertical trade and trade in value added

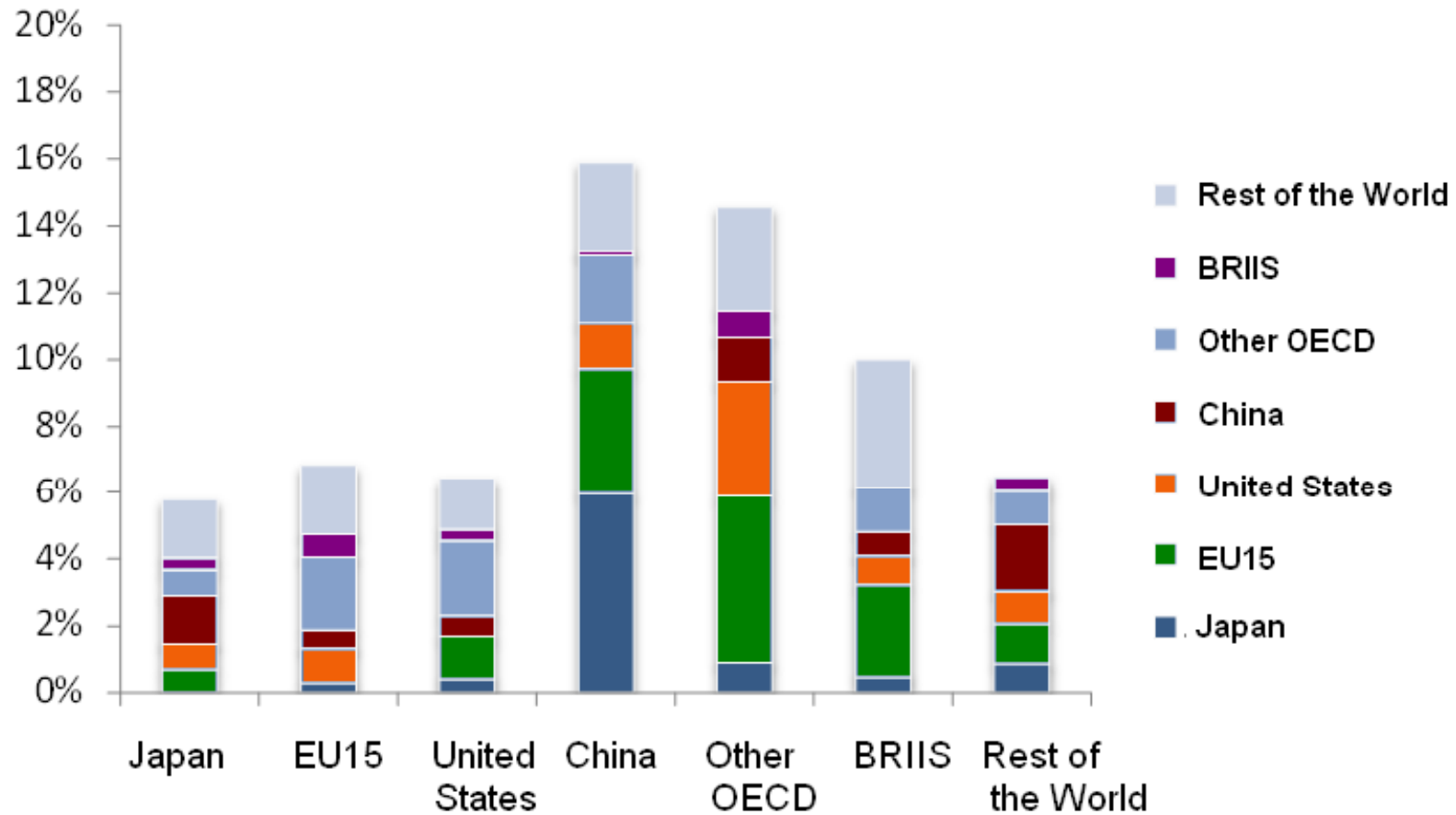
- Various factors such as international procurement , technological advancement (ICT), reduced transaction cost and trade policy reform have increased fragmentation of production chains
- IO tables facilitate comparisons of trade in VA with conventional monetary trade balances.  
This alternative presentation of international balances in value-added perspectives completely changes our views of trade surplus.

# What s needed

- Circle figures of Ch7 be enhanced by distinguishing between flows of primary products (natural resources etc) and parts and components
- The rest of the Asia Pacific (e.g. Australia, India, etc) and the World (Europe and oil producing countries)?
- Capital flows
- Trade in services
- Capital ownership and labour migration

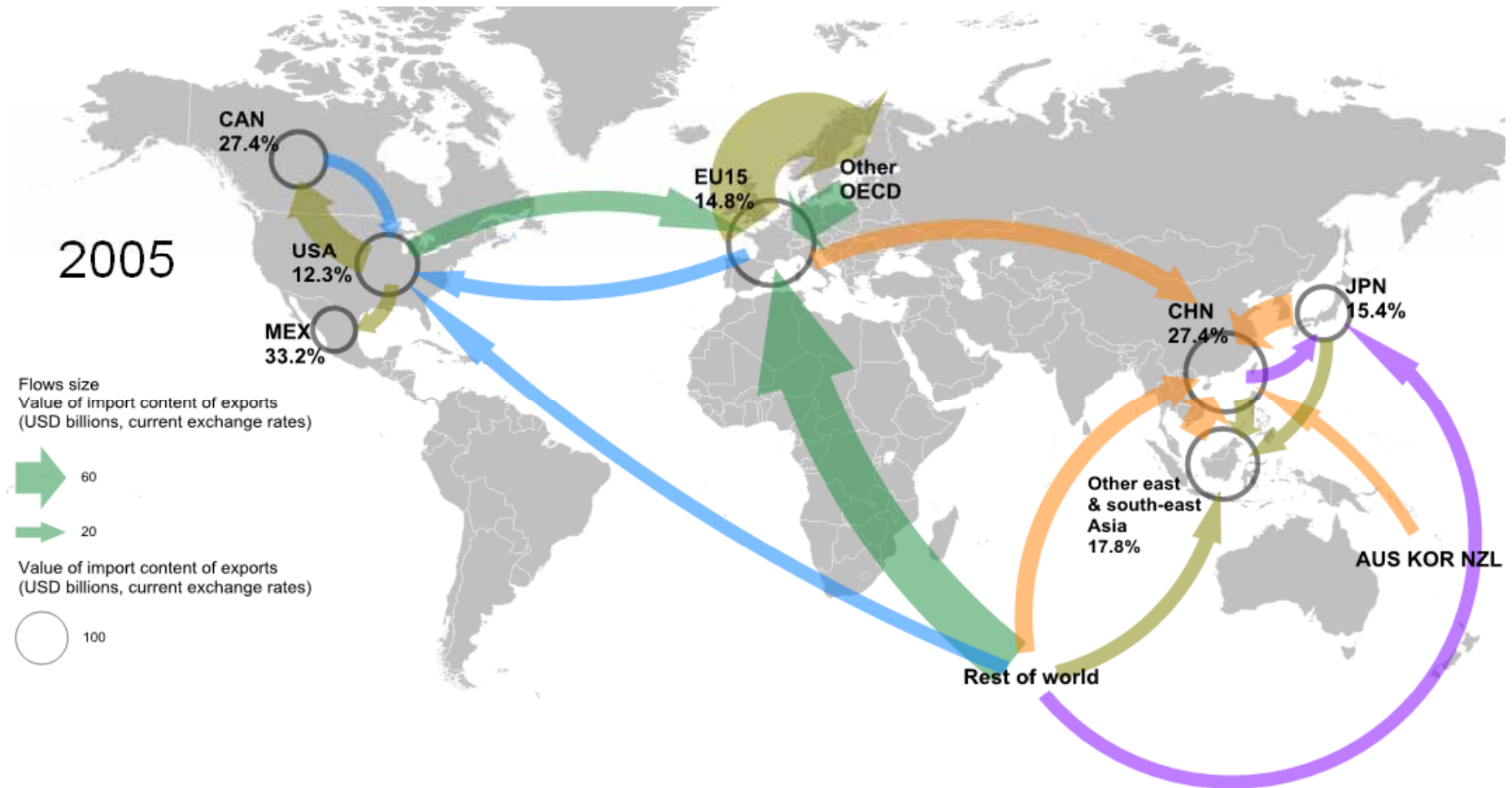


# Vertical trade: the import contents of exports (2005)



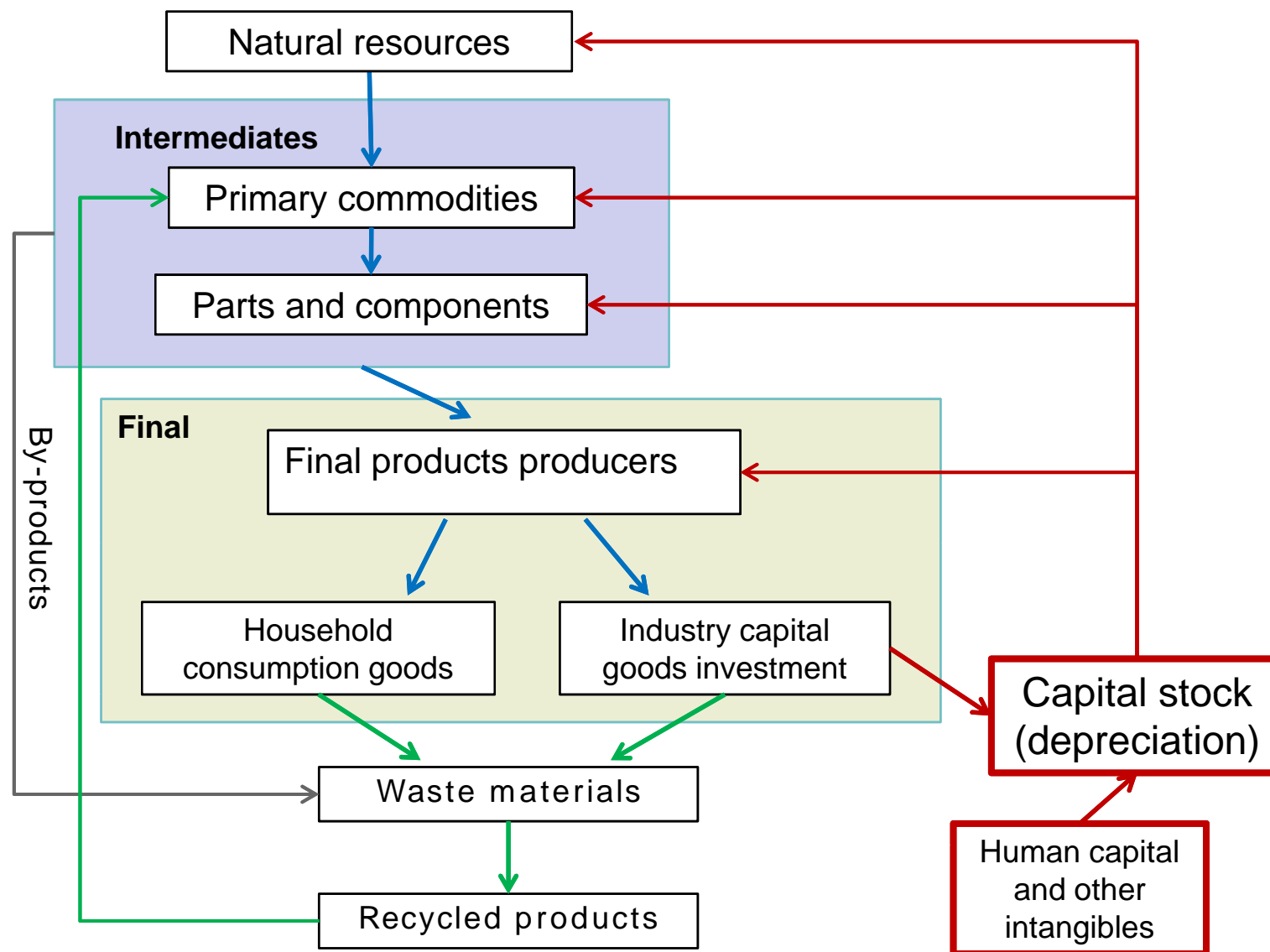
Source: OECD Inter-country inter-industry model (March 2011)

# Import contents of exports



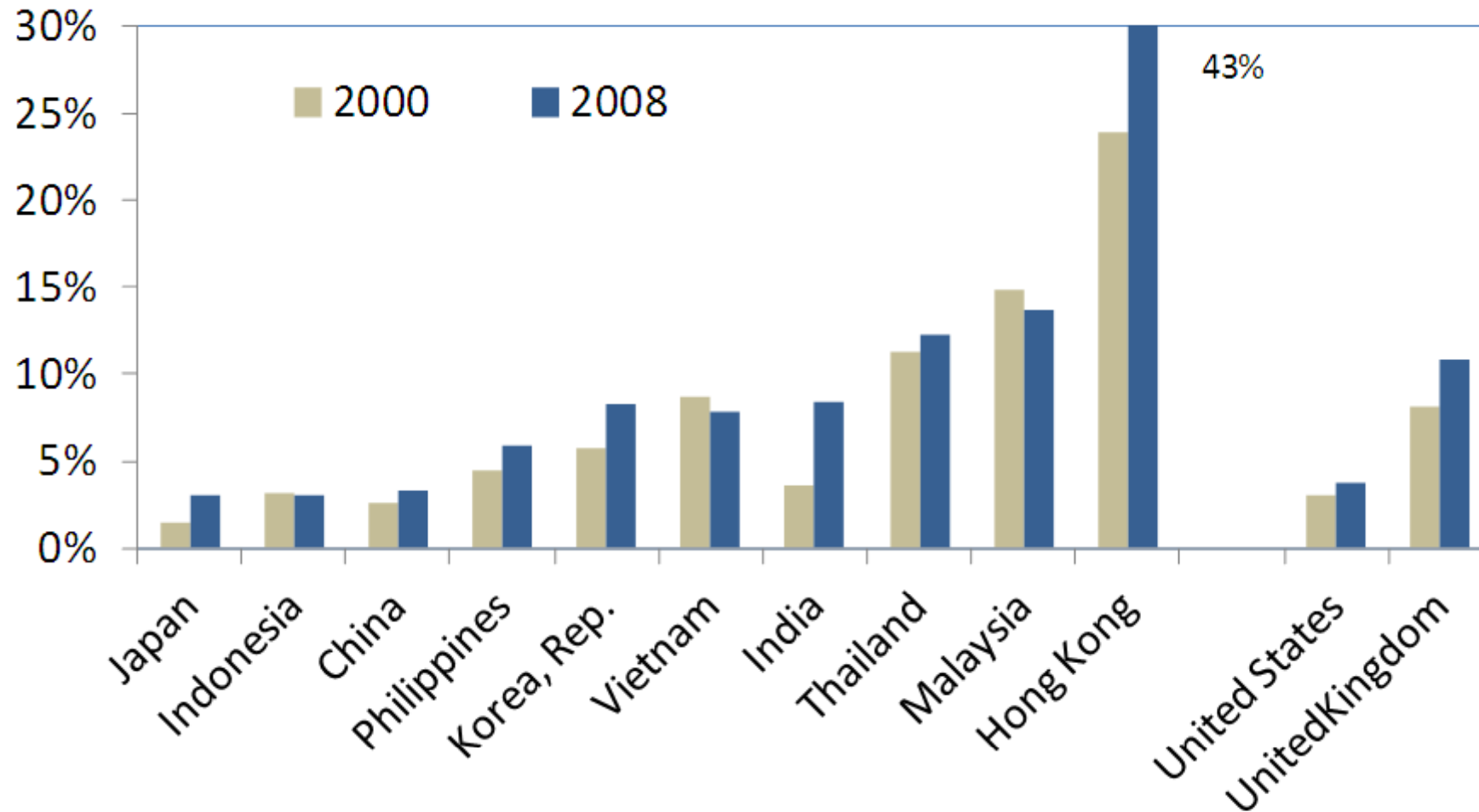
Source: OECD Inter-country I-O model, 2011

# Inter-industry transactions and product cycles





# Service export % of total exports



Source: World Bank WDI, 2010



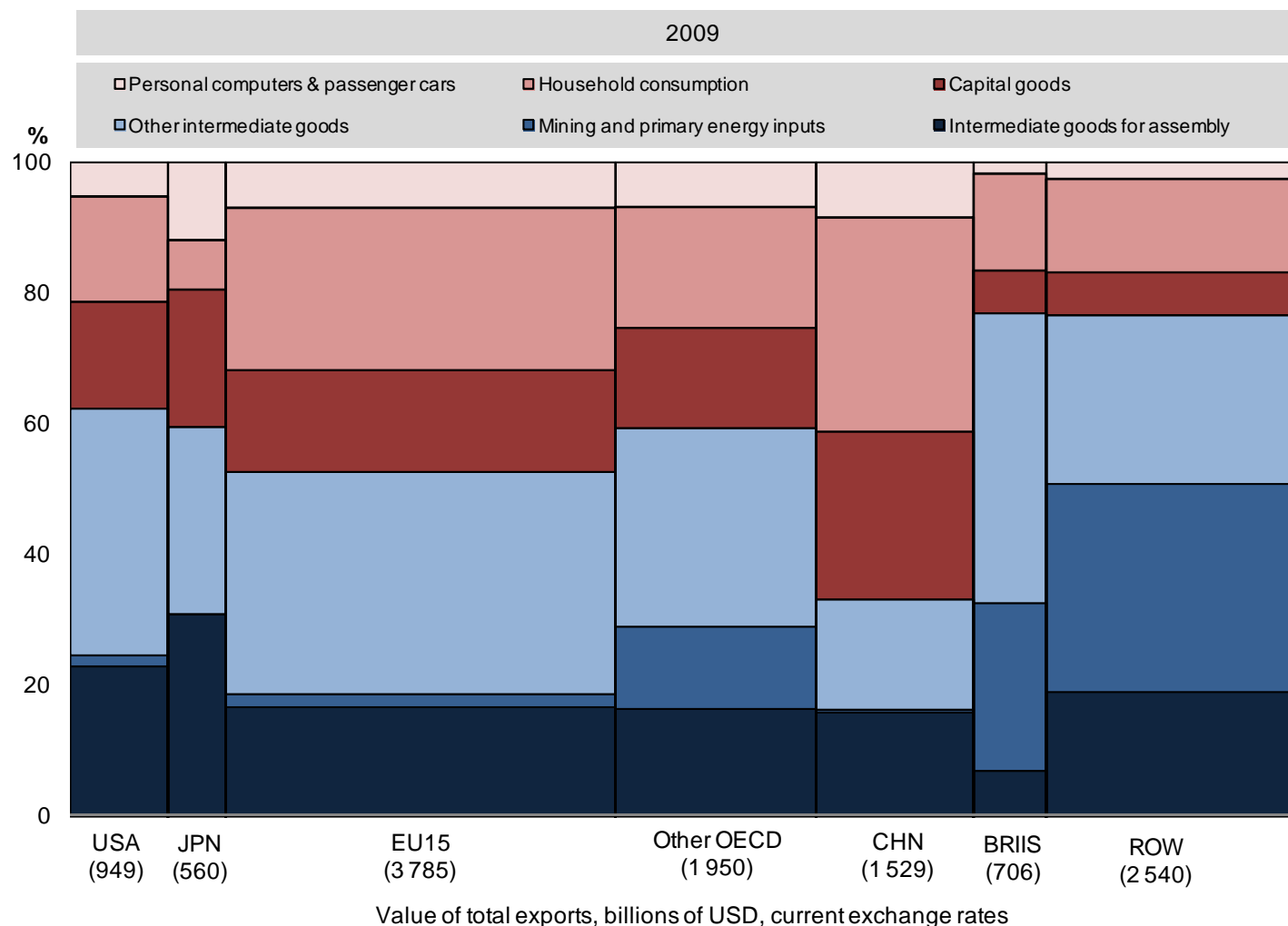


# OECD project on measuring trade in value-added

- Global coverage: OECD34 / BRIICS / ASEAN9 /EU27
- Inter-country Inter-industry model using harmonized Input-Output Database and Bilateral trade by end-use for goods and services
- Trade and value-chains indicators
- Linking trade and industry micro data (TEC project)

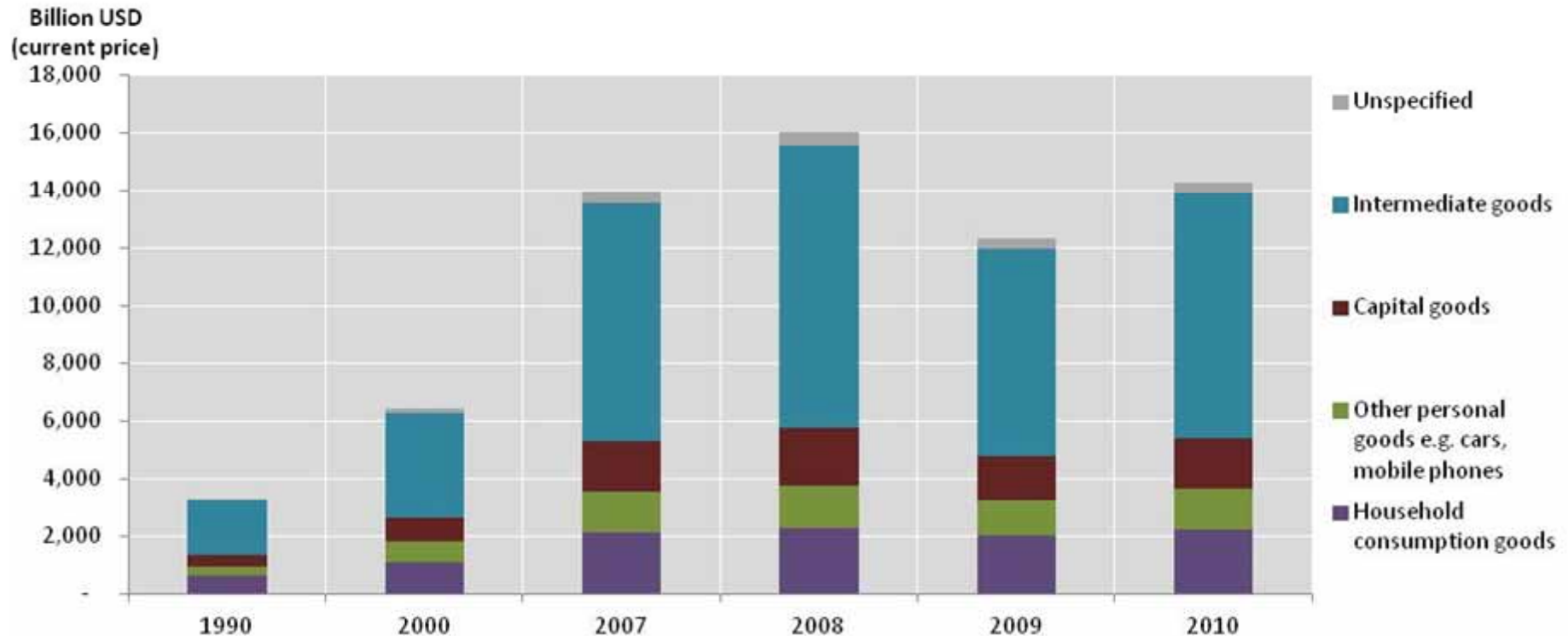


# World trade by category and by originating region (1995-2009)



Source: OECD BTDXE 2011 (total of import flow)

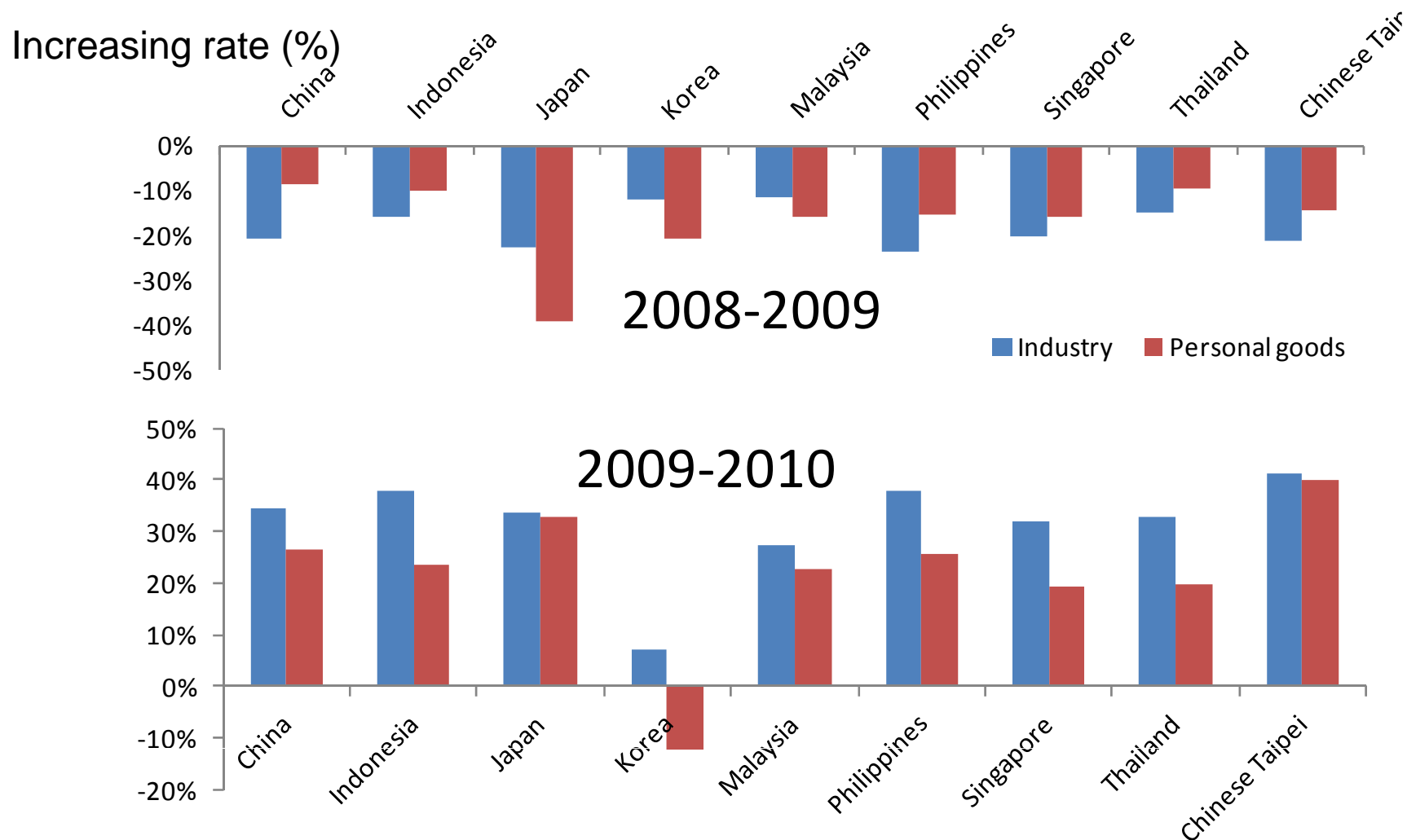
# World trade by end-use (1990-2010)



Source: OECD BTDIXE 2011 (export flow)



# Trade change by end-use for selected Asian countries



Source: OECD BTDIXE 2011 (total of export flows)

# Possible extensions of global model

- **Environmental** impacts
- More **frequent** analytical framework
- **Supply-side** and **productivity** perspectives are also important i.e. intangibles, human capital, capital ownership via FDI
- **Vulnerability** of supply chains