



IDE-JETRO Symposium GVCs: Quo Vadis?

Theme 1: GVC Analysis

Andrew Wyckoff
STI Director
OECD



Theme 1: Future Prospects

- Current Status of GVC data
 - OECD-WTO TiVA Database
 - January & May 2013 releases
 - Adding countries: currently 57
 - Additional years: 1995 and 2009
 - Refine & strengthen: trade data
 - Broadening the variety of indicators: from trade to GVCs

Research rewrites global trade data

OCDE et OMC affinent la vision du commerce mondial grâce à de nouvelles données

PAGE 4

FINANCIAL TIMES FT.com

L'OMC et l'OCDE rebattent les cartes du commerce mondial

Scoop
INDEPENDENT NEWS

Research reshapes debate on global trade policy

OECD und WTO messen Welthandel neu

Trade's added value

New statistics reveal glorious interdependence of countries

NASDAQ

THE IRISH TIMES

theguardian

WORLD ECONOMICS

LesEchos

DER STANDARD

la Repubblica

THE WALL STREET JOURNAL

LE DEVOIR

Statistics is not always the bedfellow of lies and damned lies. At its best, it brings epiphanies. An initiative by the OECD and the World Trade Organisation to map the value added embodied in international trade flows should be an eye-opener for policy makers.

Revolutionary Trade Database Launched by OECD and WTO

Bloomberg

OECD/WTO 'Value-Added' Trade Measure Shows Exchange Rate Issues Overstated

The Washington Post

services in creating goods. Whilst there are, at present, limitations to the widespread calculation of trade in value-added data, this OECD-WTO initiative is to be applauded for providing a more revealing look into global trade and integration, and for paving the way for further development in this area.

Handelsblatt

Ces produits qui bouleversent le commerce mondial

PORTAL GOSPODARCZY

CHINA DAILY

Expansión



REUTERS

THE ECONOMIC TIMES

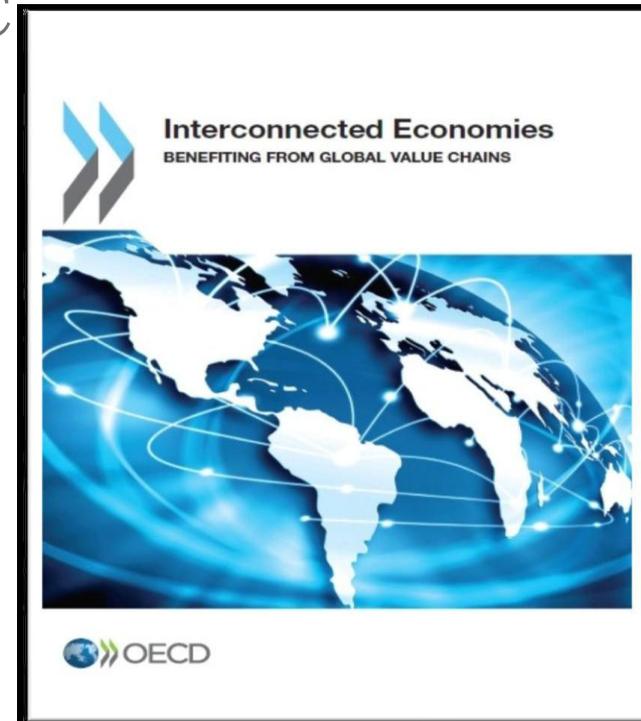


El Financiero



Theme 1: Future Prospects

- Current Status of GVC analysis
 - “Interconnected Economies” released in May 2013 at OECD MCM
 - Country notes for TiVA & GVC
 - G20 Trade Ministers Seminar
 - Series of roundtables





Theme 1: Future Prospects

- **Next Steps** for TiVA database
 - Extend coverage to developing countries;
 - Add jobs / skills;
 - Develop methodology for income flows
 - Micro-data linkage projects to capture firm heterogeneity



Theme 1: Future Prospects

- **Issues to be tackled**
 - OECD Country Surveys;
 - Development;
 - Risk contagion
 - Income: Taxes / BEPS
 - Jobs / Skills / Inequality
 - MNE Guidelines & ethical business practices



IDE-JETRO Symposium GVCs: Quo Vadis?

Theme 2: Policy Implications

Andrew Wyckoff
STI Director
OECD



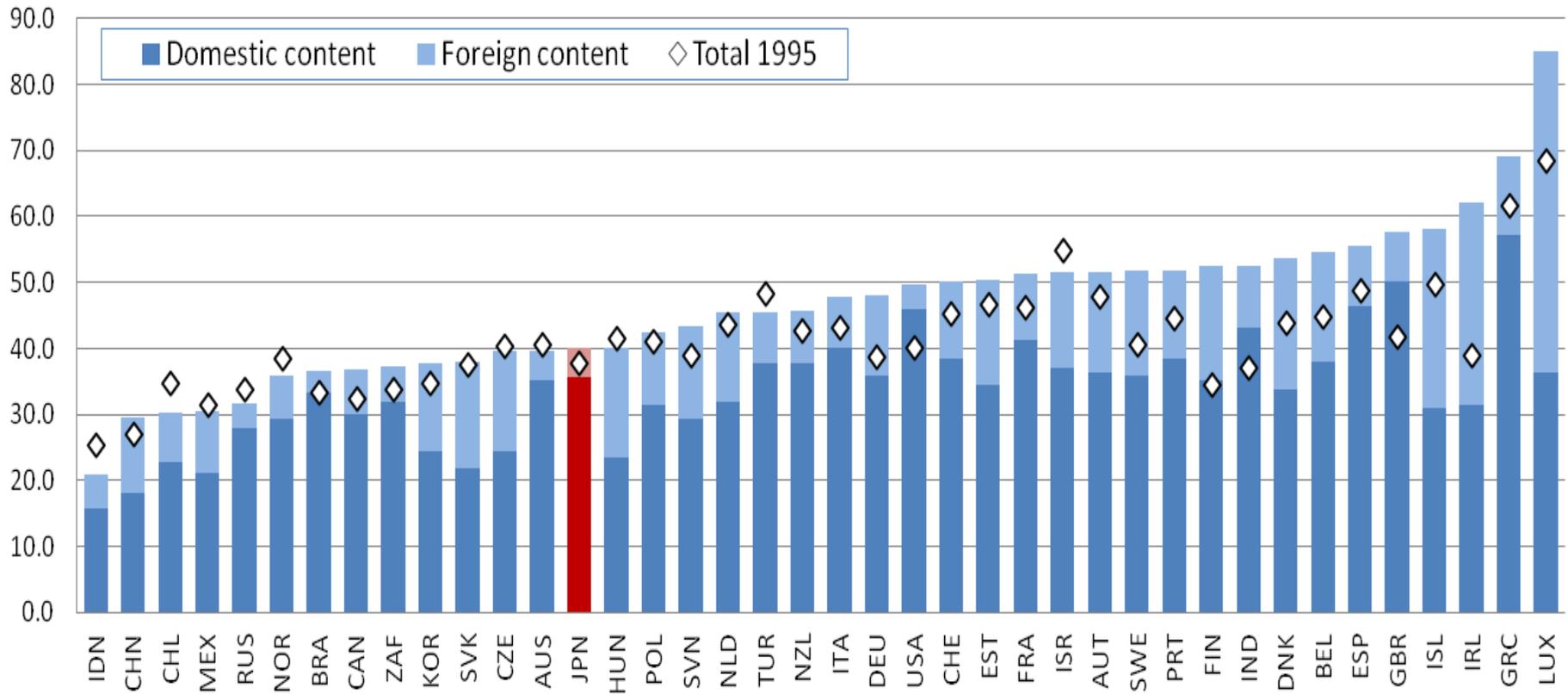
Policy Implications: Trade

- **Reinforcement of trade messages**
 - Protectionism is even worse than thought;
 - Trade facilitation even more important;
 - Efficacy of currency interventions eroded;
 - Growing importance of standards (quality & safety);
 - RTAs should be comprehensive: goods, services, investment, IP, temporary movement of workers...



Policy Implications: Services

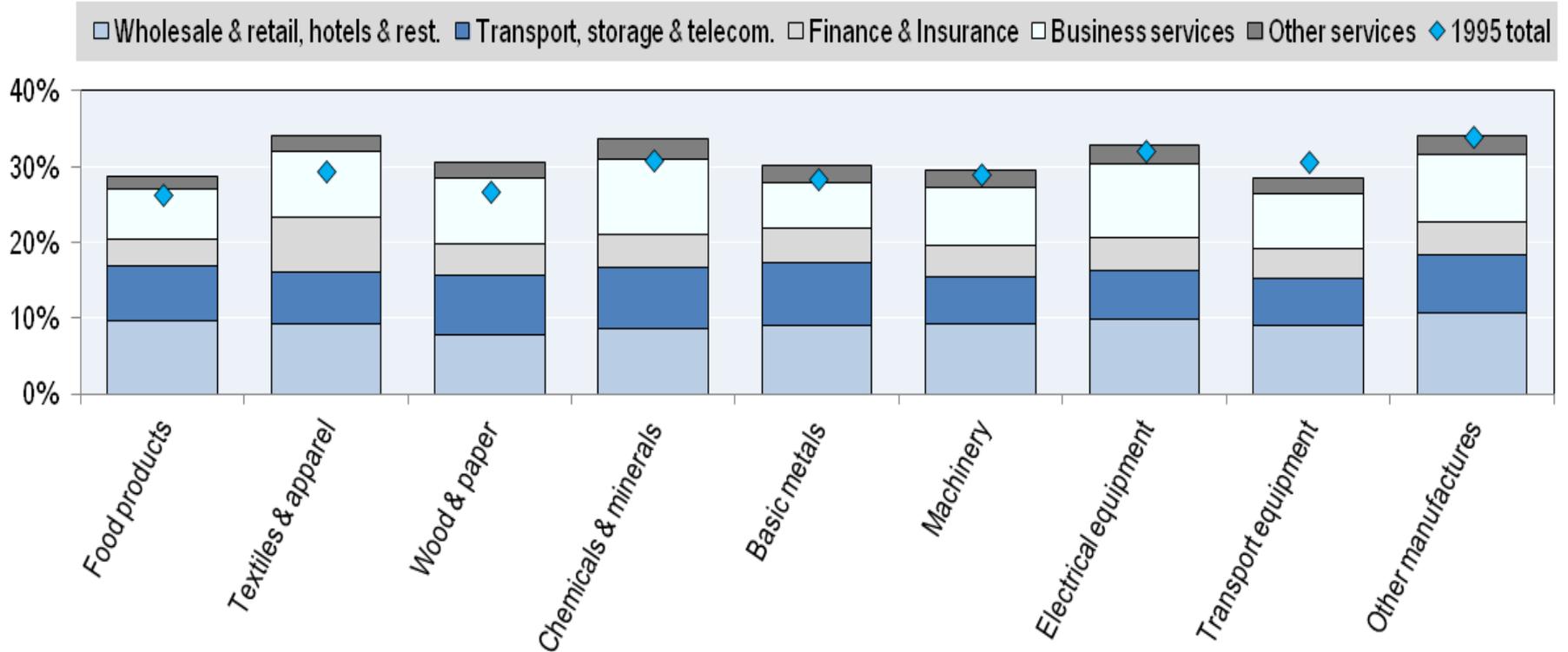
Share of services value added in total gross exports, 1995 and 2009



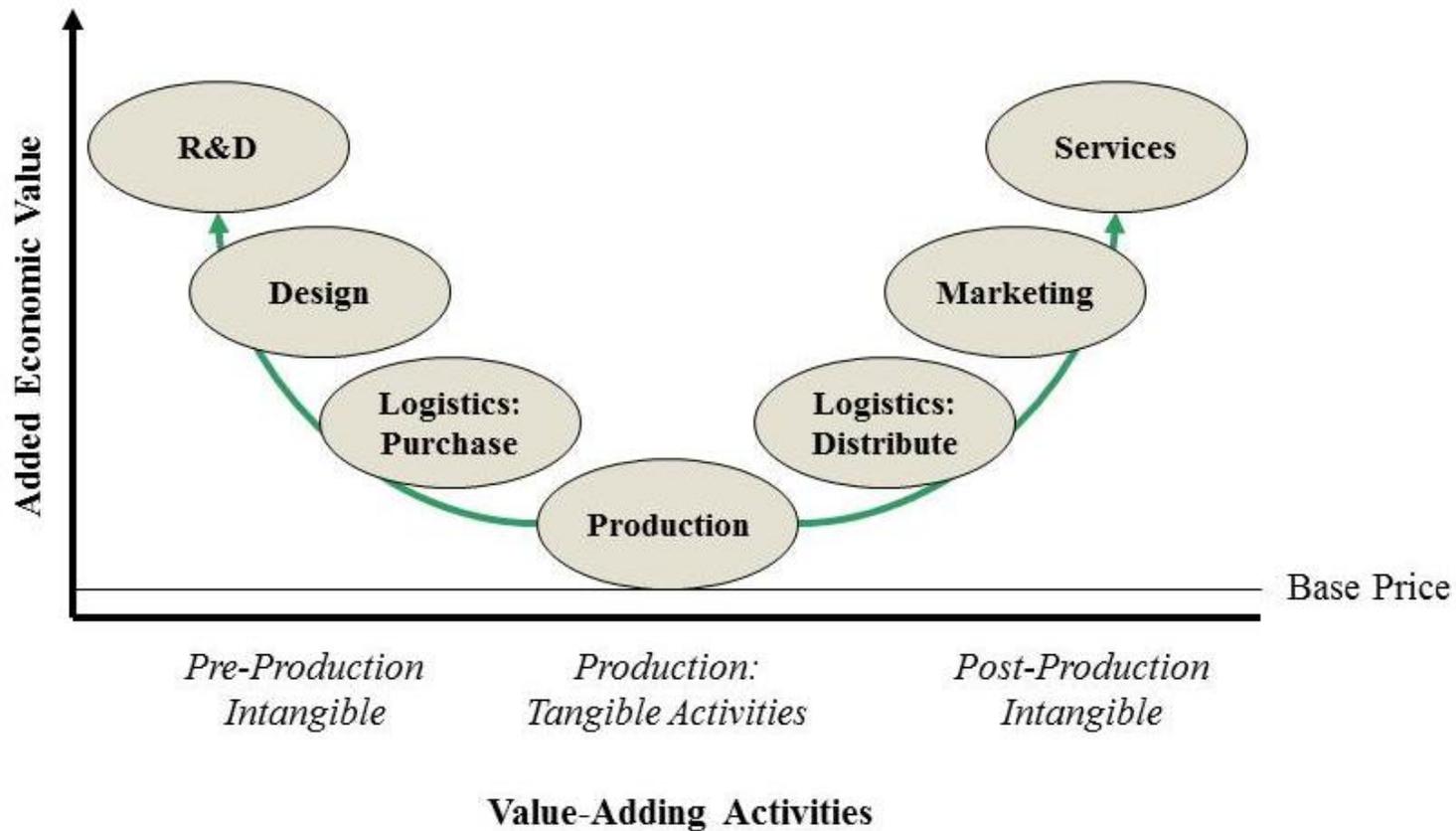


Policy Implications: Services

Services value added embodied in manufacturing exports, by industry, 2009



Value creation in GVCs is closely linked to investment in knowledge-based capital





Knowledge-based capital (KBC)

Three main types of assets

Computerised information
(software, data)

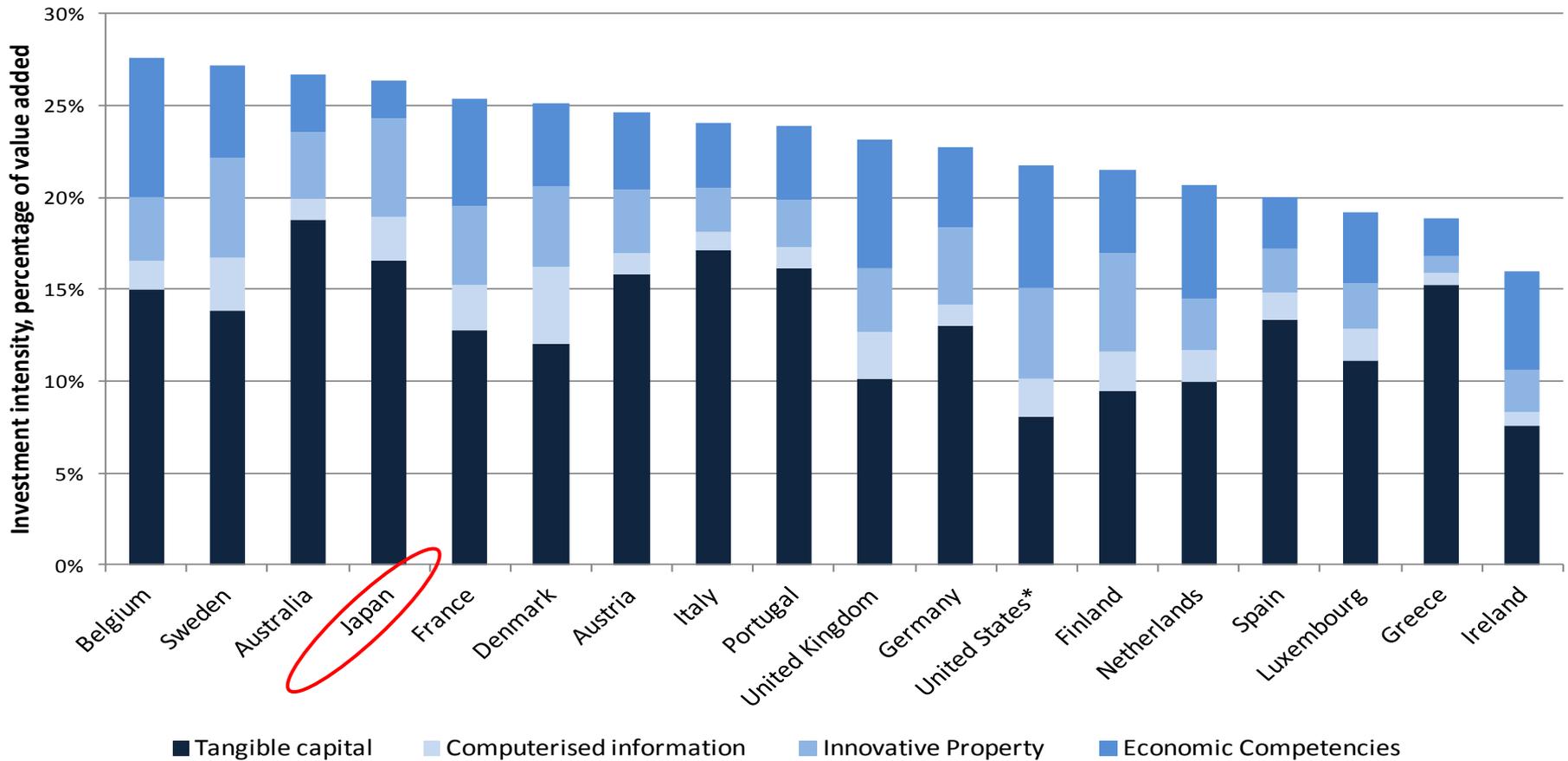
Innovative property – sometime based on R&D
(patents, copyrights, trademarks, designs)

Economic competencies
(brand equity, firm-specific human capital, business networks, organisational know-how that increases enterprise efficiency, etc.)



KBC begins to dominate investment

**Business investment in KBC and tangible assets
(% adjusted GDP, 2010)**





KBC and GVCs

- Baldwin's 2nd Unbundling: know-how not trade
- KBC is the stickiness that enables value to be captured from GVCs
 - ICT, as well as organisational know-how;
 - Complex systems integration;
 - Rise of IP / fables production;
 - Krugman's "Profits without Production"



KBC and GVCs

- Analysis:
 - Measurement of KBC / intangibles;
 - Stocks / flows / income
 - Integration into GVC-TiVA
- Policy
 - Upgrading of “framework conditions”
 - Trade, tax, competition, industrial policies
 - Future of Manufacturing
 - Inequality