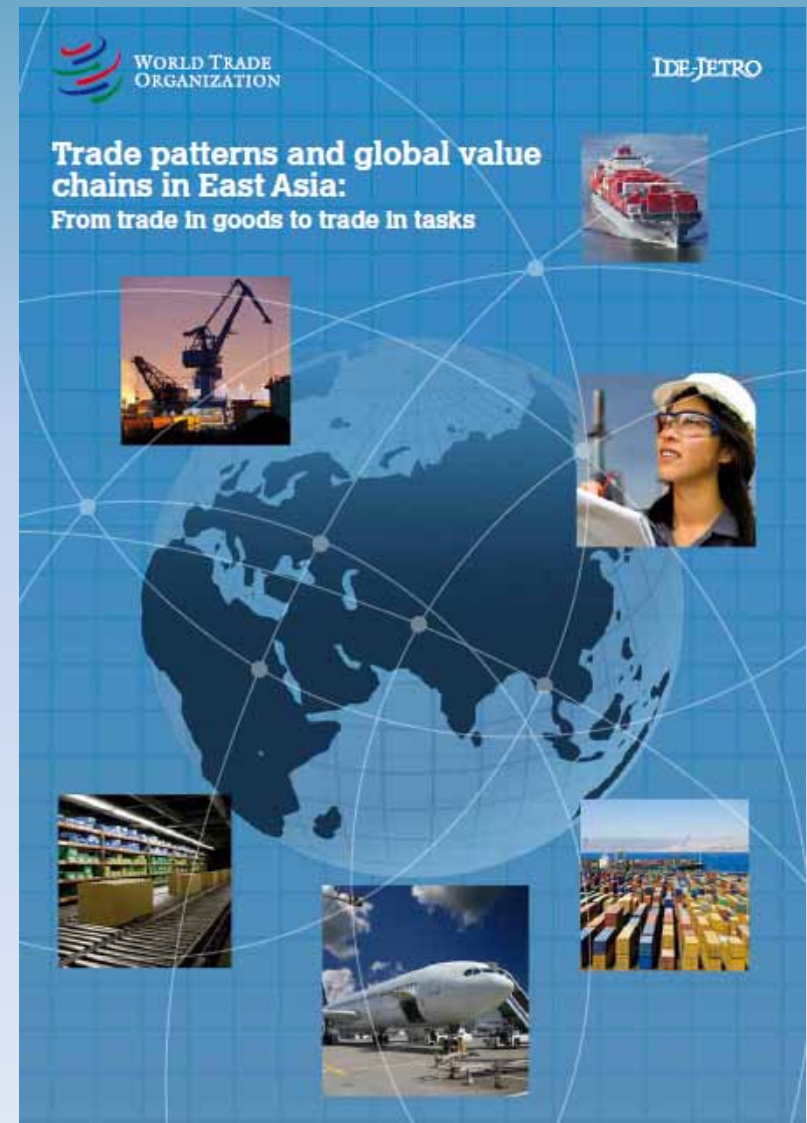


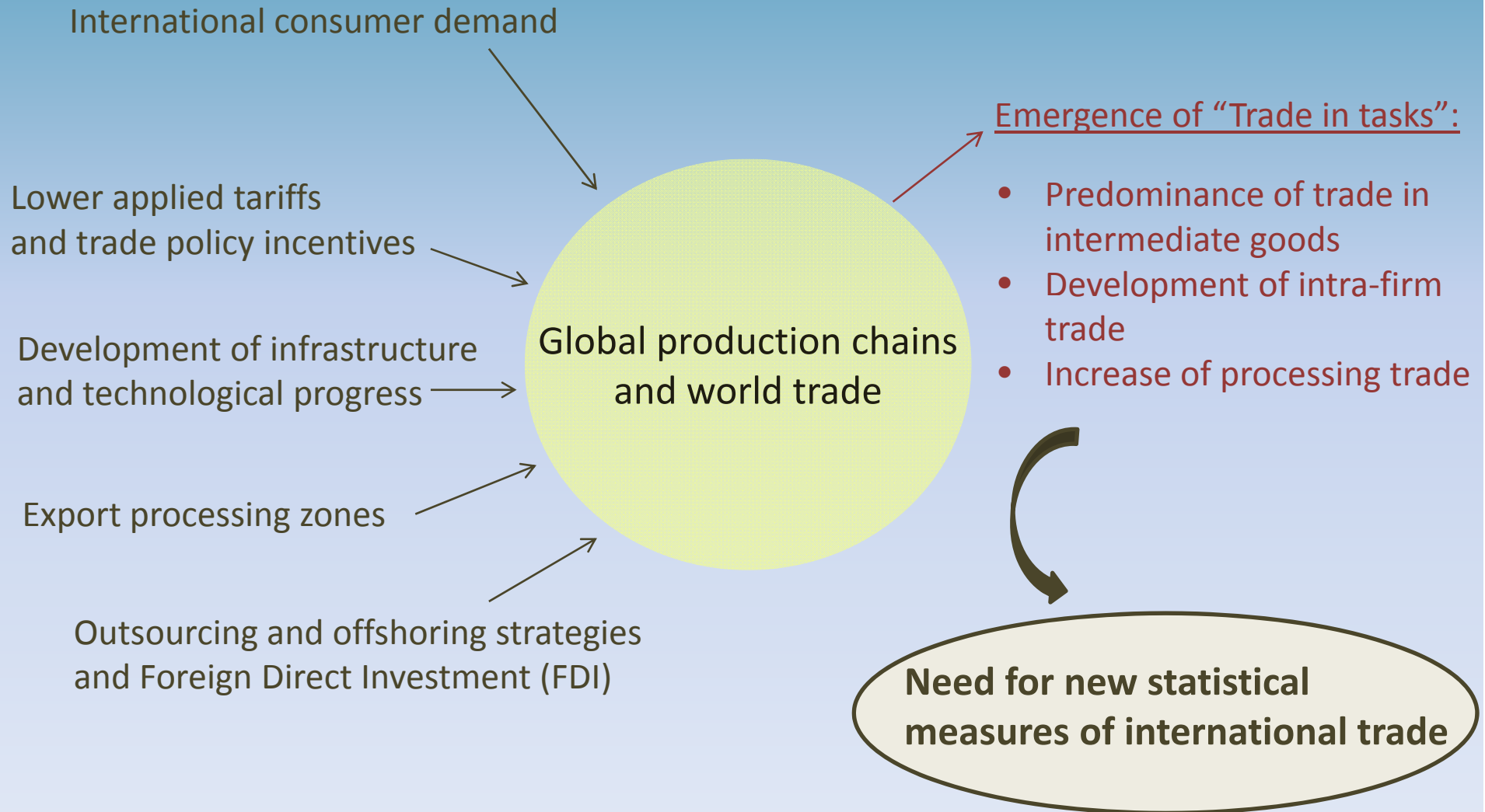


The impact of global production chains on trade: Towards a measure of international trade in value added

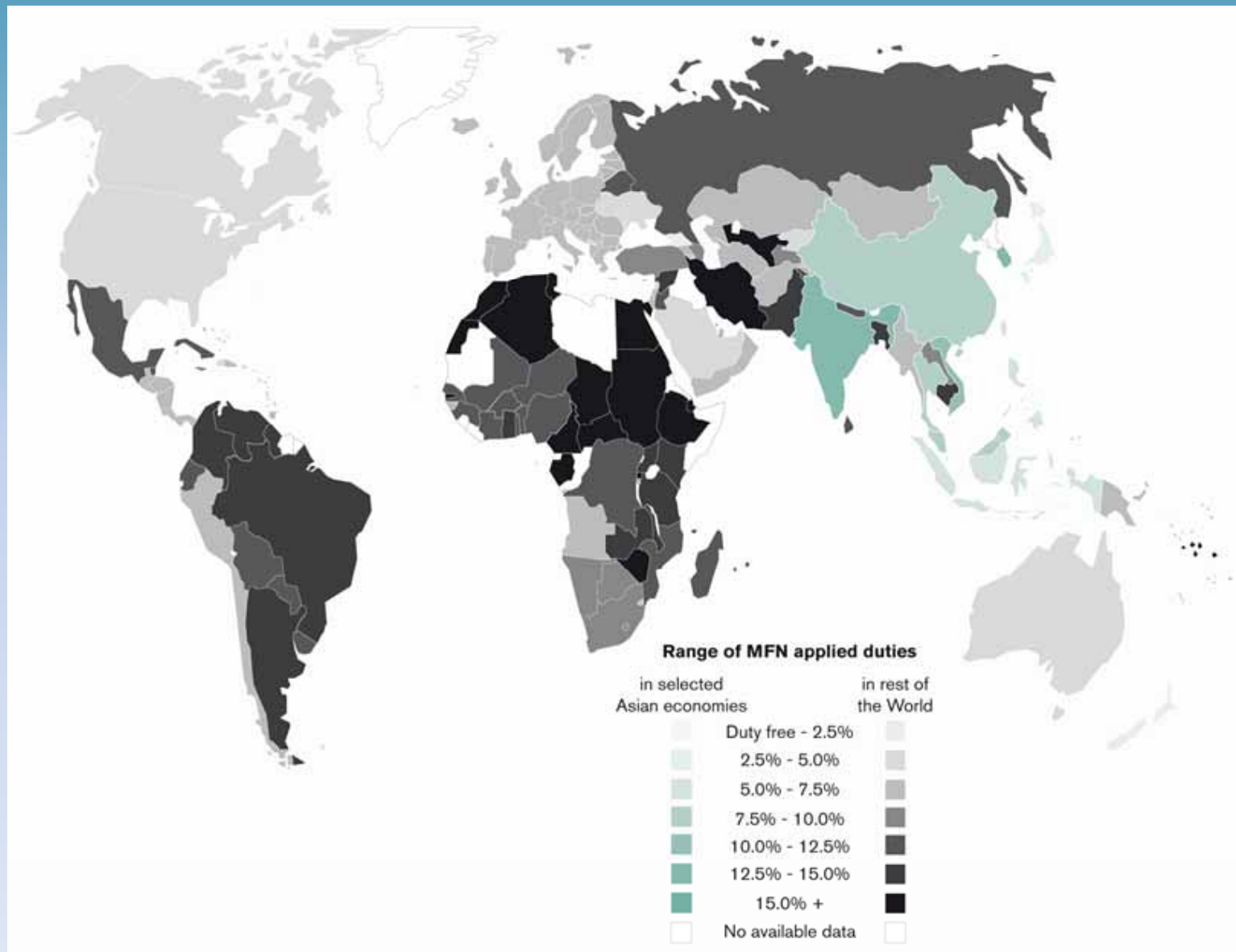
Christophe Degain, WTO



Global production chains and world trade – Ins and outs

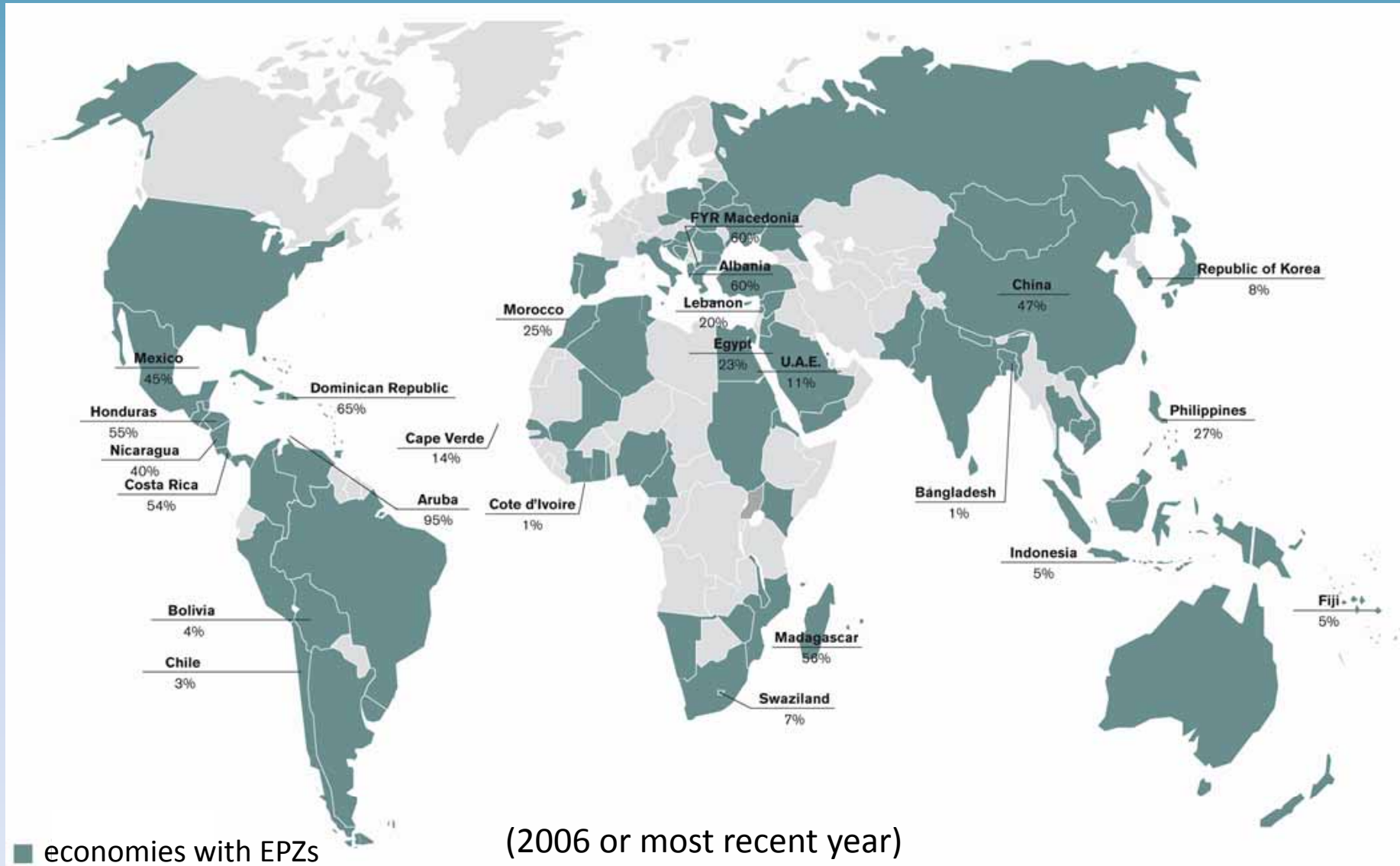


Asian economies have relatively low applied tariffs on imports (especially on semi-processed goods)



Source: WTO

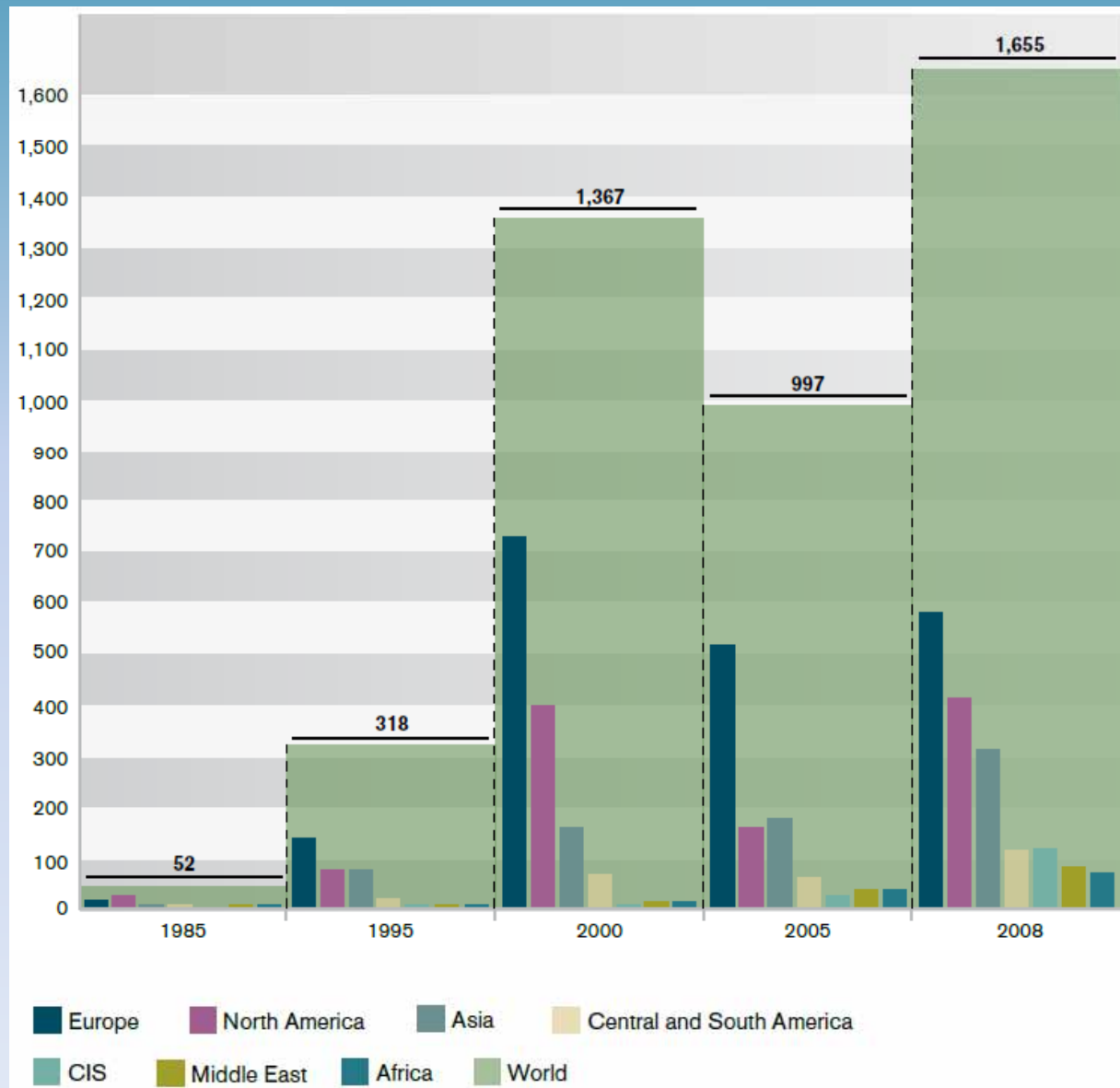
Export processing zones (EPZs) account for about 20 % of total merchandise exports of developing economies



Sources: ILO and WTO

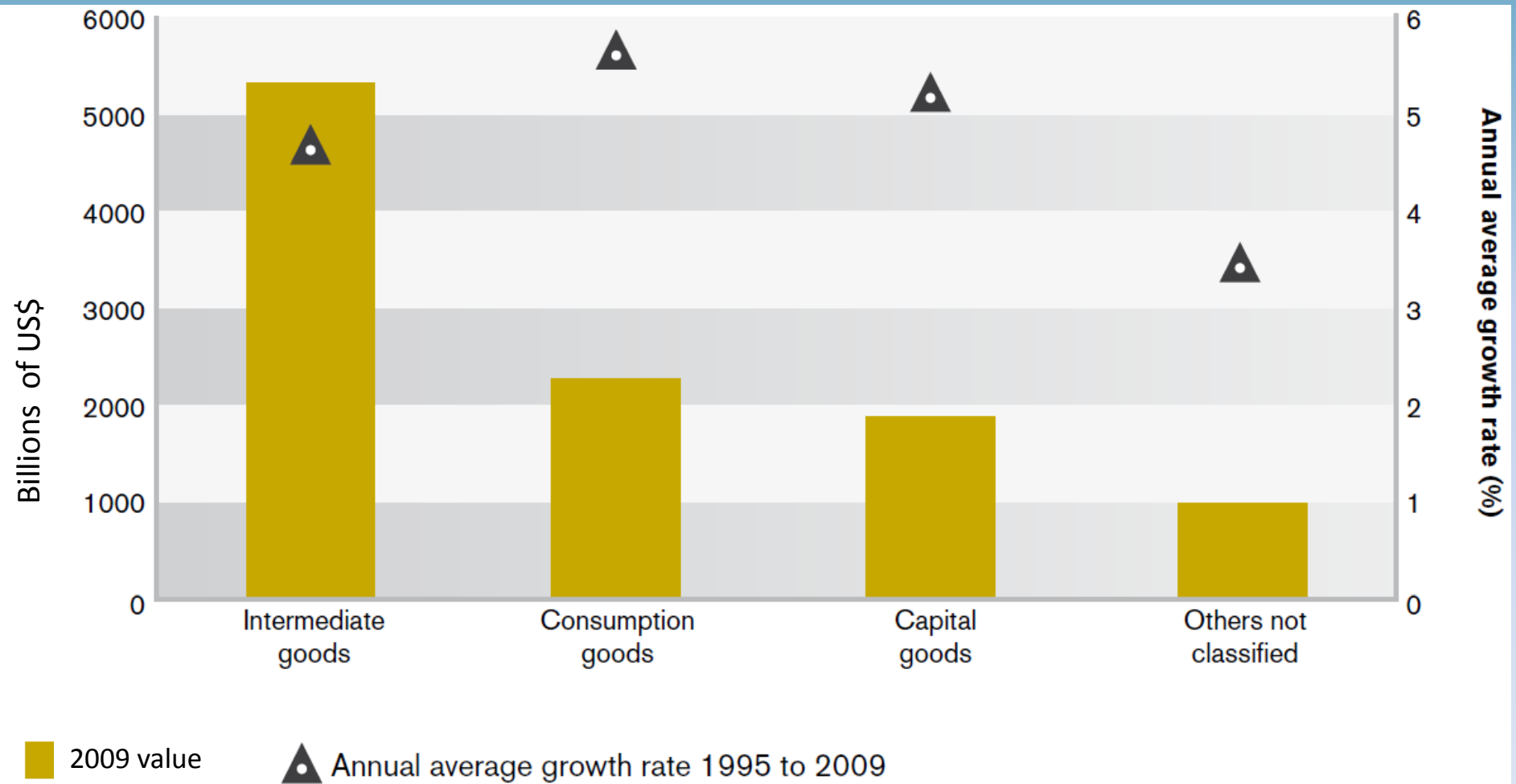
Foreign Direct Investment (FDI)

World and regional FDI inflows (billions of US\$)



Source: UNCTAD

Intermediate goods dominate world non-fuel merchandise exports



Source: UNSD & WTO

Intermediate goods dominate world non-fuel merchandise exports

Key facts on Asia trade in intermediate goods ...

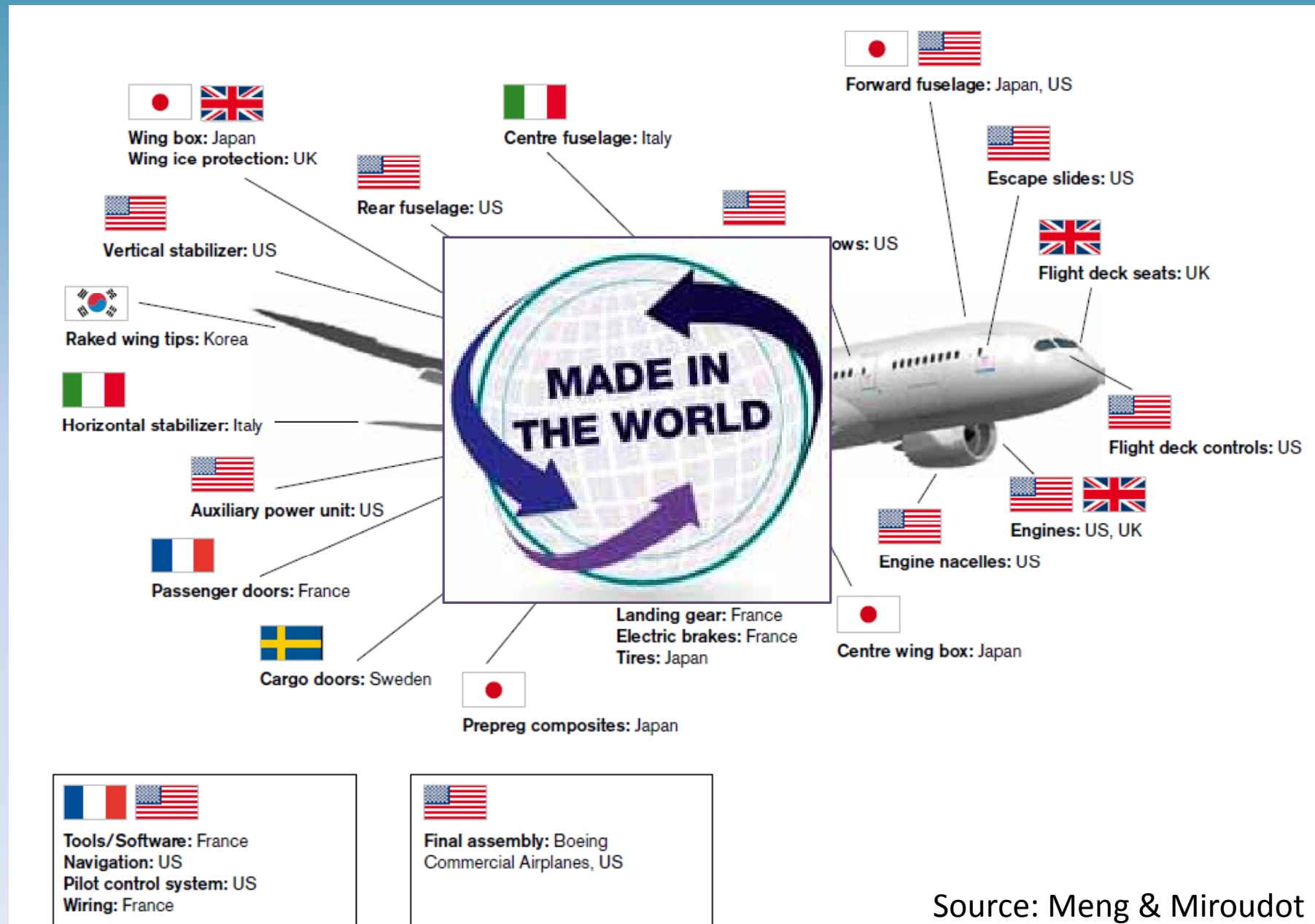
- Asia's share in world exports of intermediate goods increases : 37 % in 2010
- Intra-Asian trade is predominant
- Asia imports more intermediate goods than it exports
- Intermediate goods traded by Asian economies are more and more sophisticated
- More and more concentrated trade on few components



... Confirming that:

- Asia is the “World manufacturer”
- Asian supply chains boost the regional markets
- Asian economies present a high degree of industrial specialization

Fragmentation of production: the example of the Boeing 787 Dreamliner



Source: Meng & Miroudot

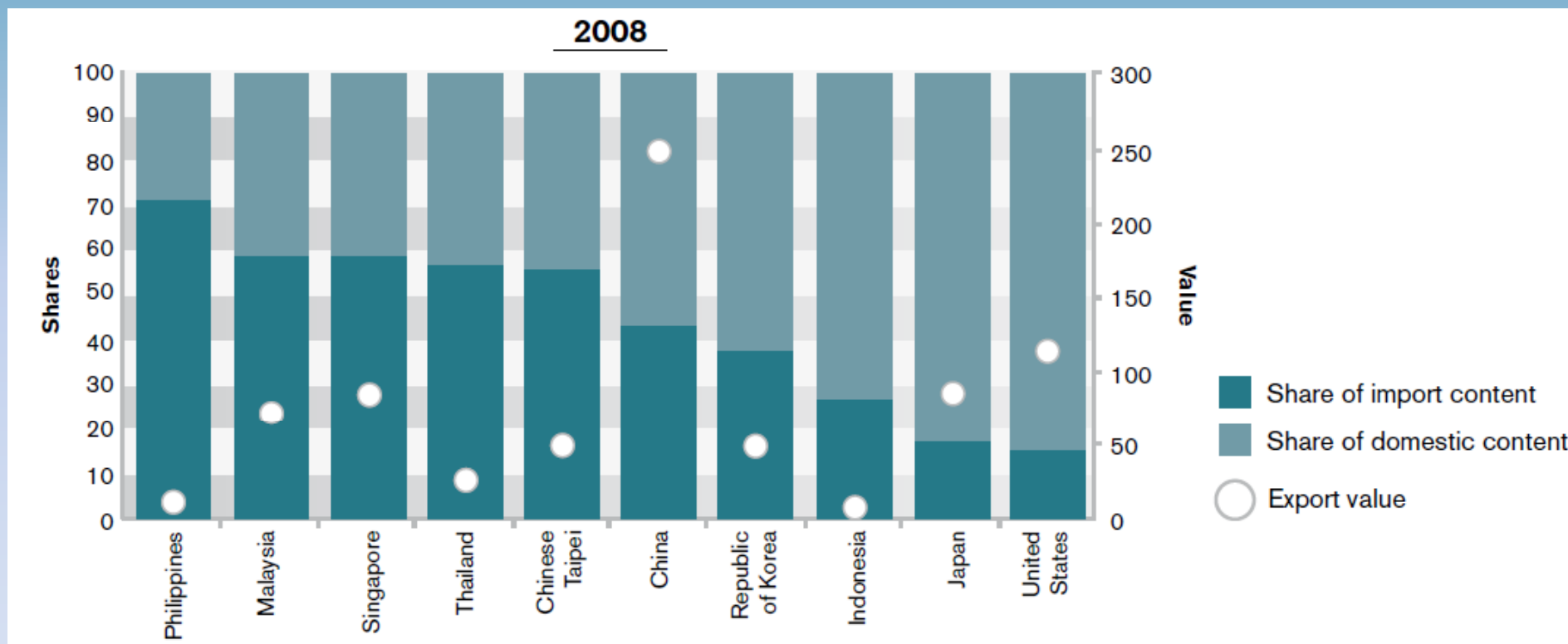
Towards a new measure of international trade

- **Traditional statistics** present some biases:
 - Multiple counting of trade flows in intermediate goods and services
 - Difficult attribution of the country of origin of an imported product
- Measuring **trade in value added** terms allows:
 - To circumvent the biases observed with traditional statistics
 - To take into account the specificity of trade occurring between the different actors of a production chain

Some benefits of trade in value added

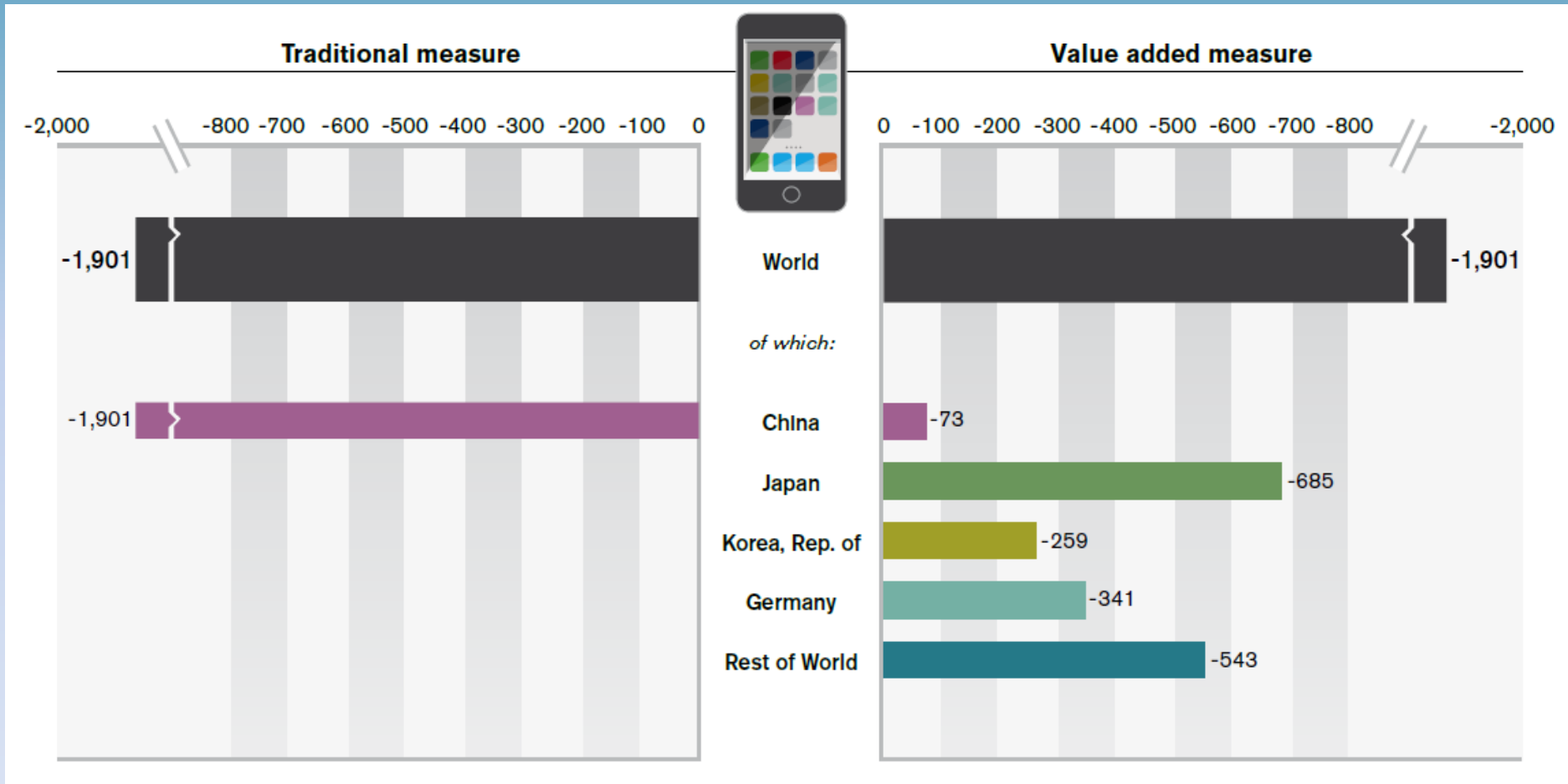
- **A better evaluation of the actual contribution of international trade to an economy**
(incl. growth, development, employment, environment)
- To highlight the **interdependency of economies**, and the **counter-productive effects of protectionist measures** on economies and enterprises they are supposed to protect
- **Better evaluation of the contribution of the services sector on trade**
- To provide a **more realistic evaluation of bilateral trade balances and regional trade**

Computers and electronic equipment exports and their domestic and imported contents (billions of US\$ and percentage)



Source: WTO, based on IDE-JETRO Asian Input-Output tables

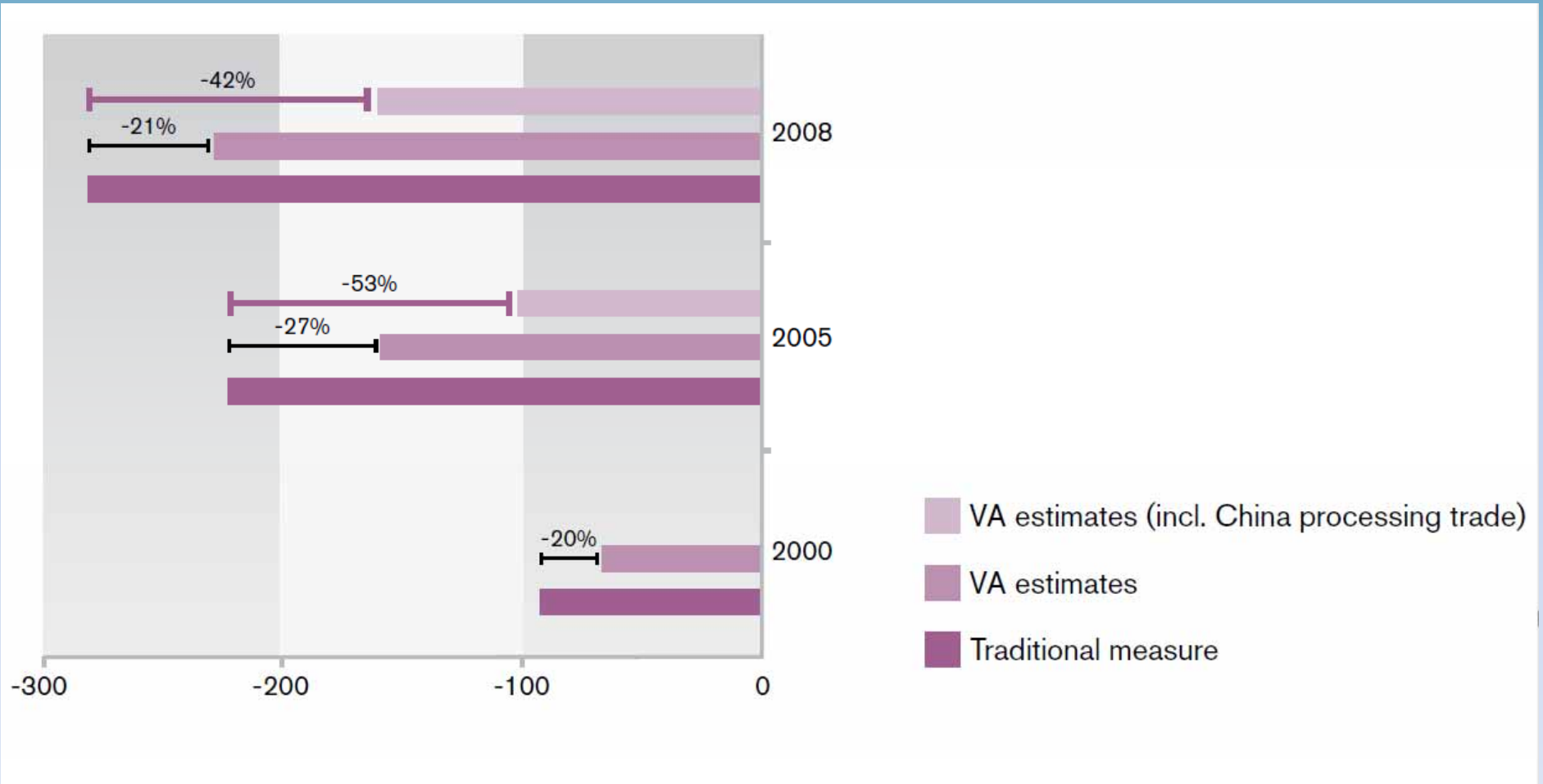
2009 US trade balance in iPhones (millions of US\$)



Source: Meng and Miroudot, based on Xing and Detert (2010)

United States-China trade balance

Traditional vs VA measure (billions of US\$)



Sources: UN Comtrade Database, IDE-JETRO AIO tables and WTO estimates



Thank you – Dômo Arigatô

More info on
the WTO “Made in the World” initiative
(MIWI) at <http://www.wto.org/miwi>

