



GLOBAL VALUE CHAINS AND TRADE IN VALUE ADDED: THE NEED FOR NEW POLICY THINKING

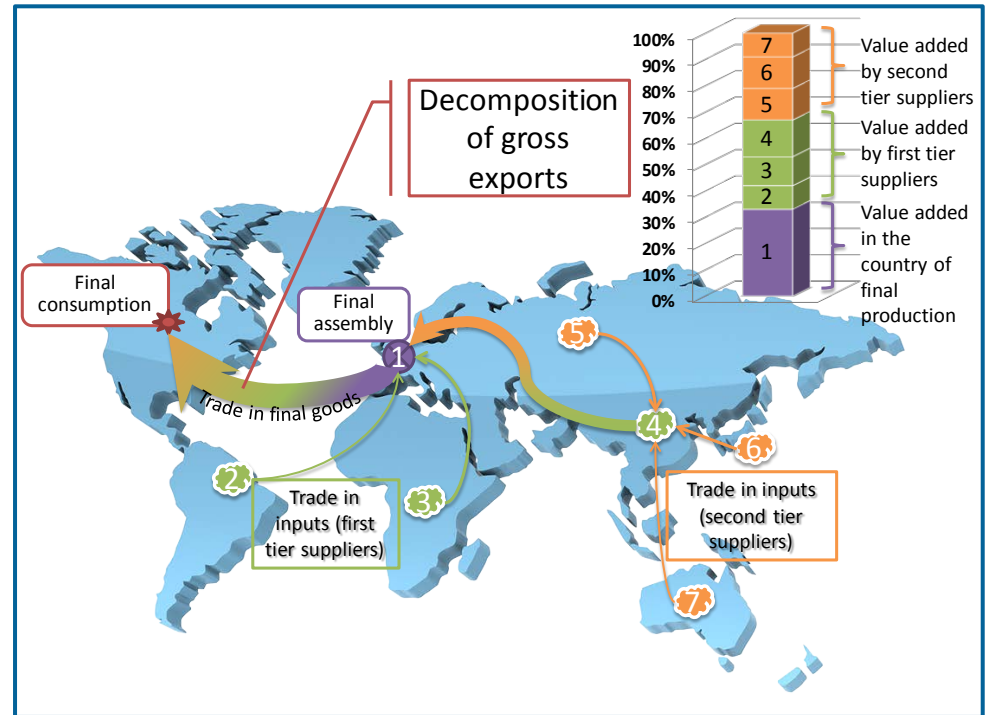
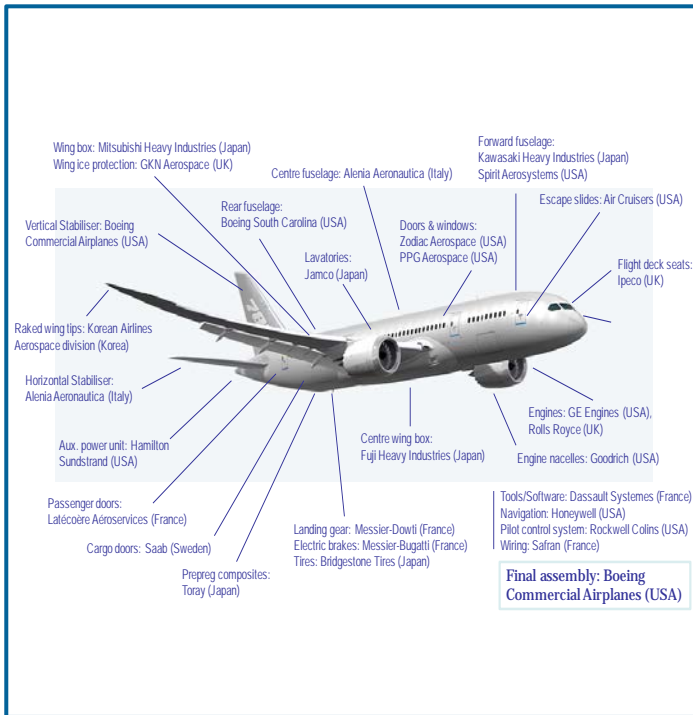
Copenhagen: 21 November, 2016

Nadim Ahmad, Head of Trade and Competitiveness Statistics Division



International fragmentation of production

Explosion of trade in intermediates as firms specialise in stages (tasks) of production

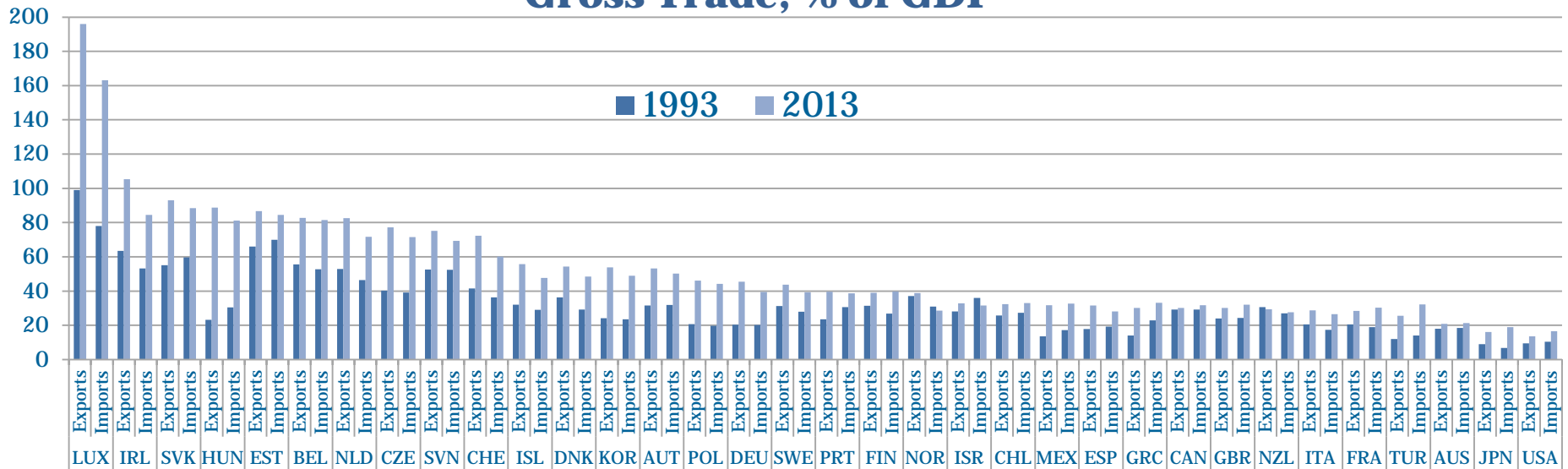




Resulting in multiple counting.....

.....in conventional trade statistics

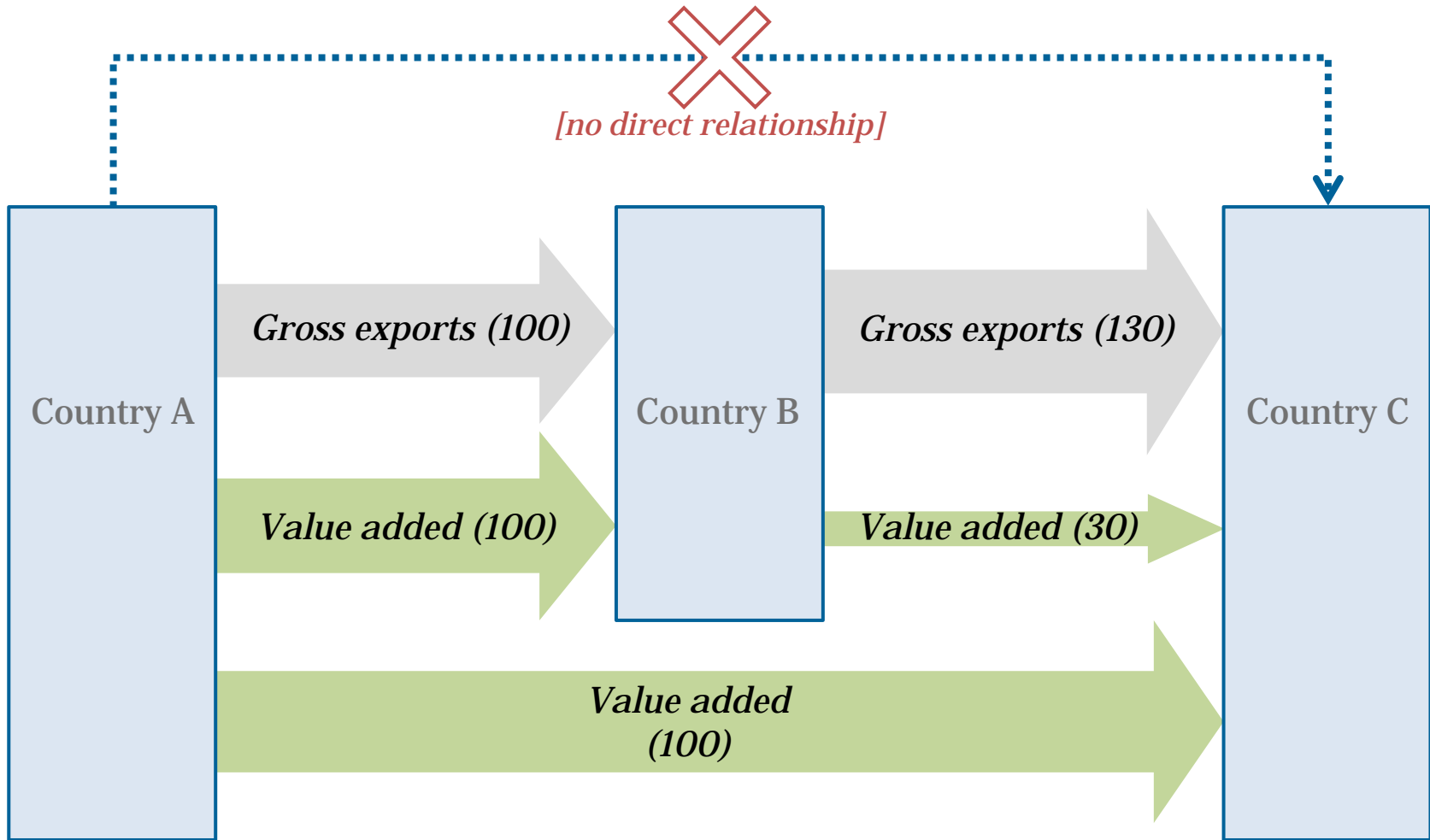
Gross Trade, % of GDP



- With the potential to create ‘misleading perceptions’ and imperfect policies:



Requiring a new statistical response: TiVA



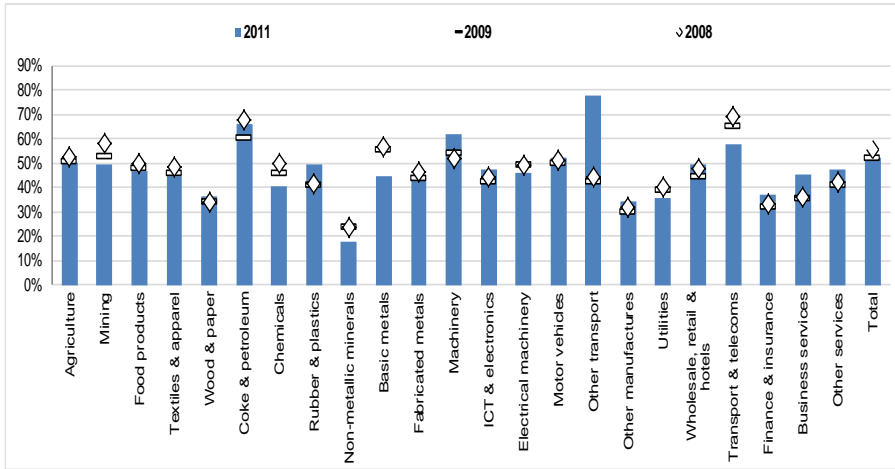
[in value added terms, there is a direct relationship between A and C]



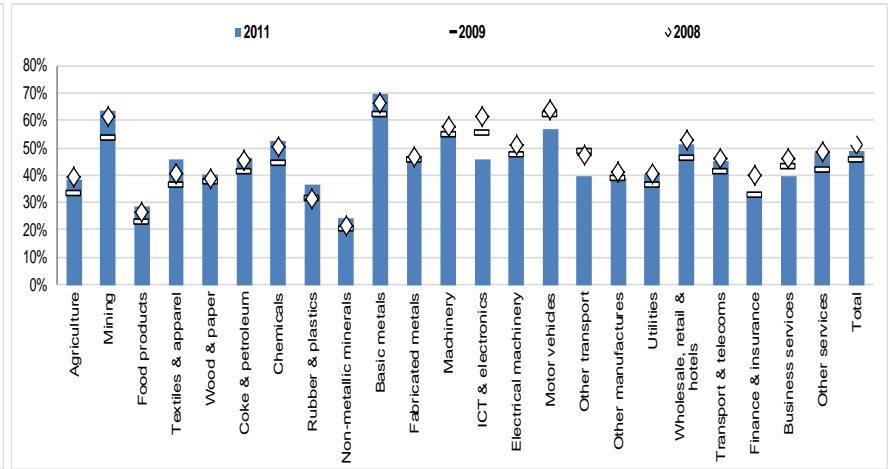
Most intermediate imports are used for exports..

Imported intermediate inputs used for exports, by import category: %

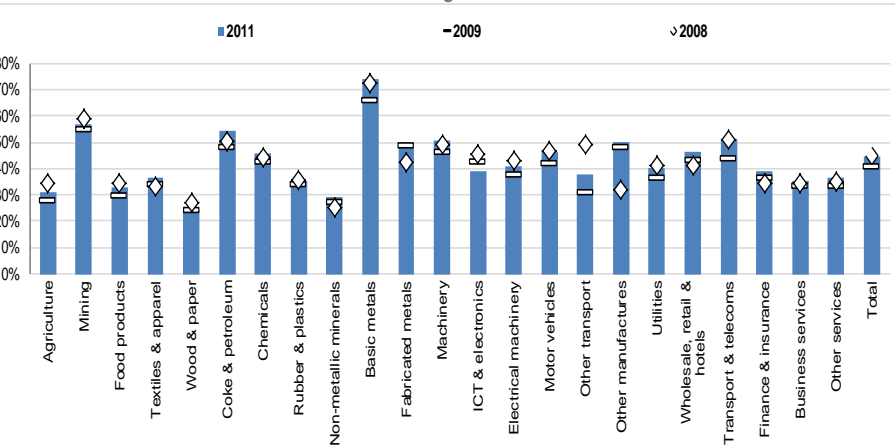
Denmark



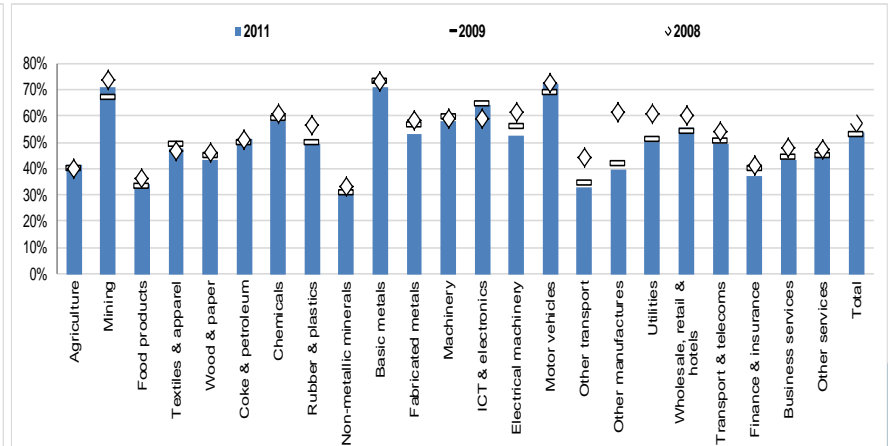
Finland



Norway



Sweden

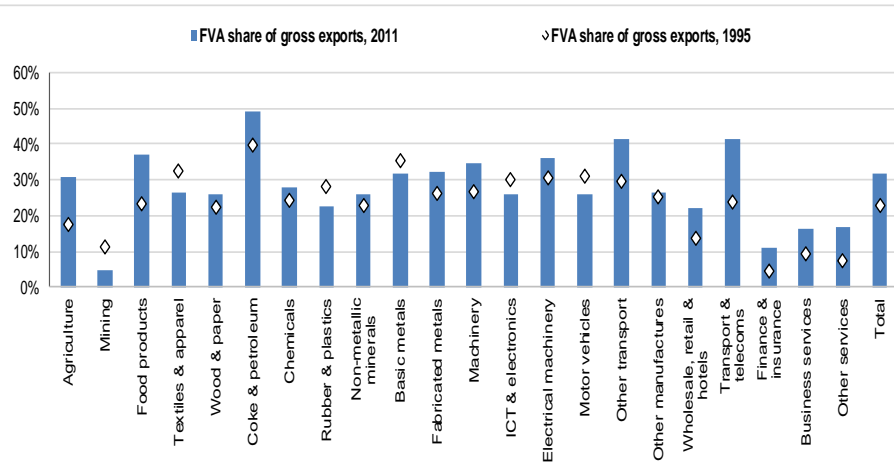




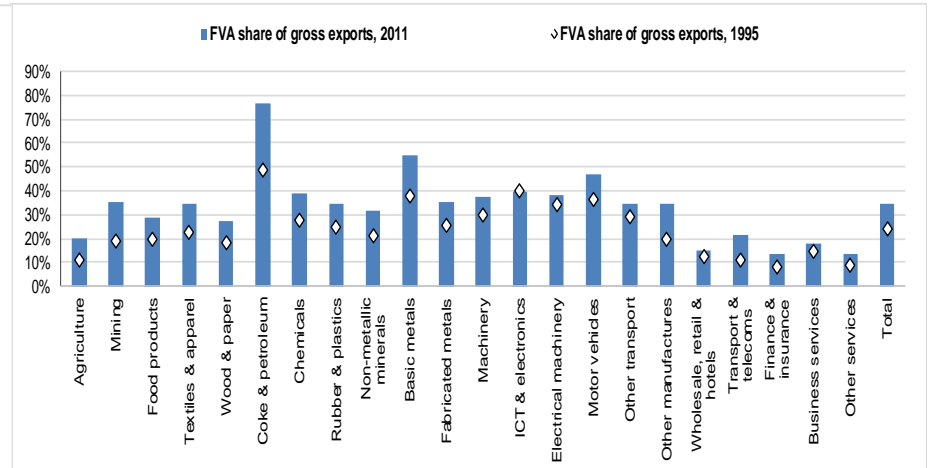
...driving exports and competitiveness

Foreign content of exports, % of exports

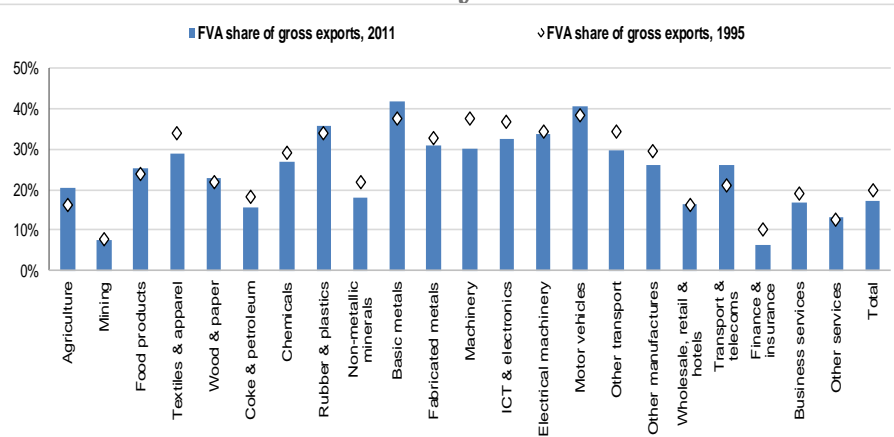
Denmark



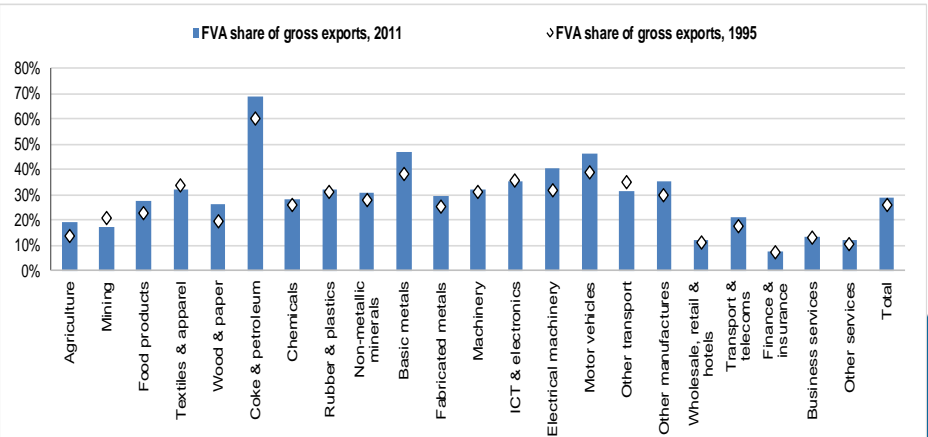
Finland



Norway



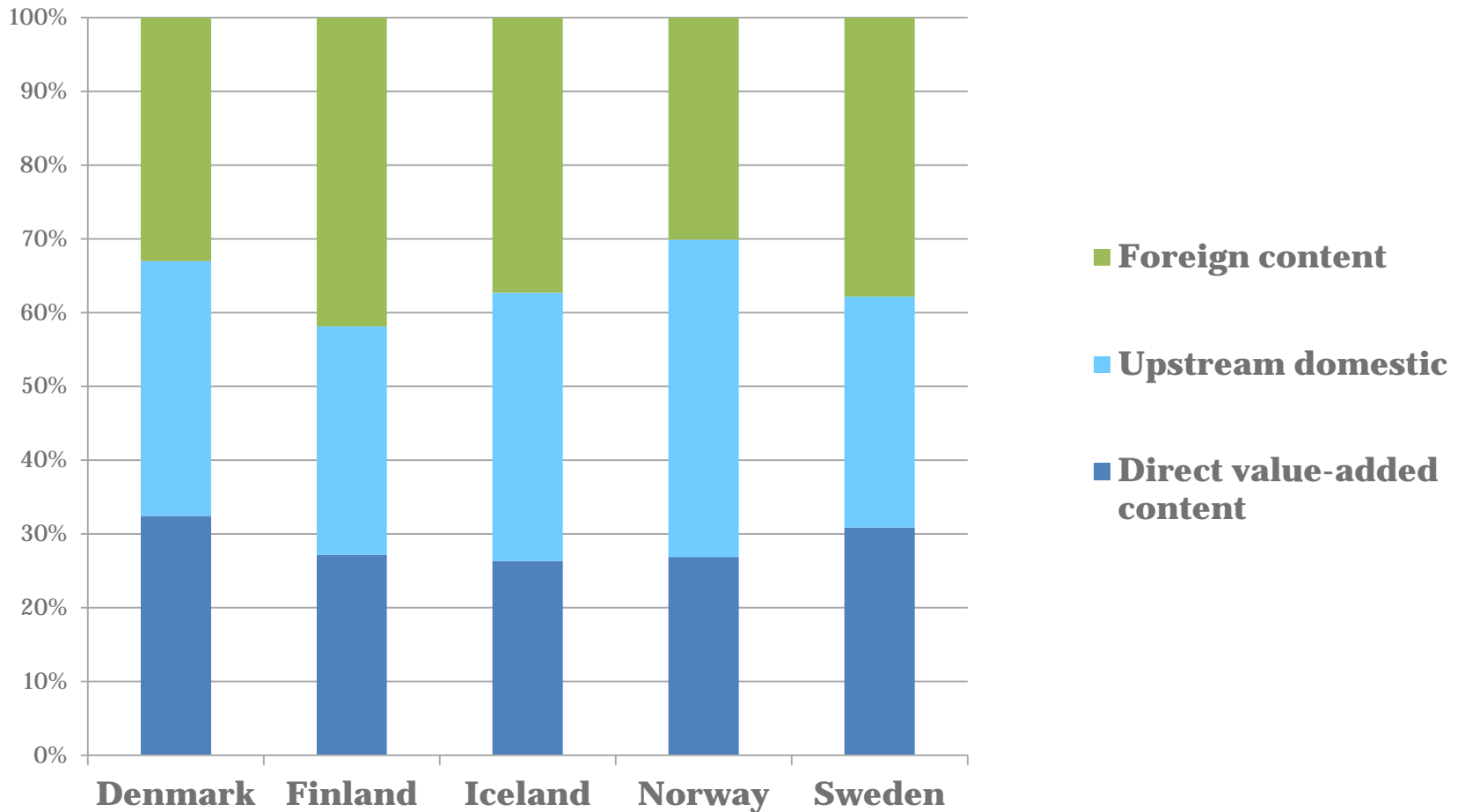
Sweden





...but upstream domestic suppliers drive competitiveness too...

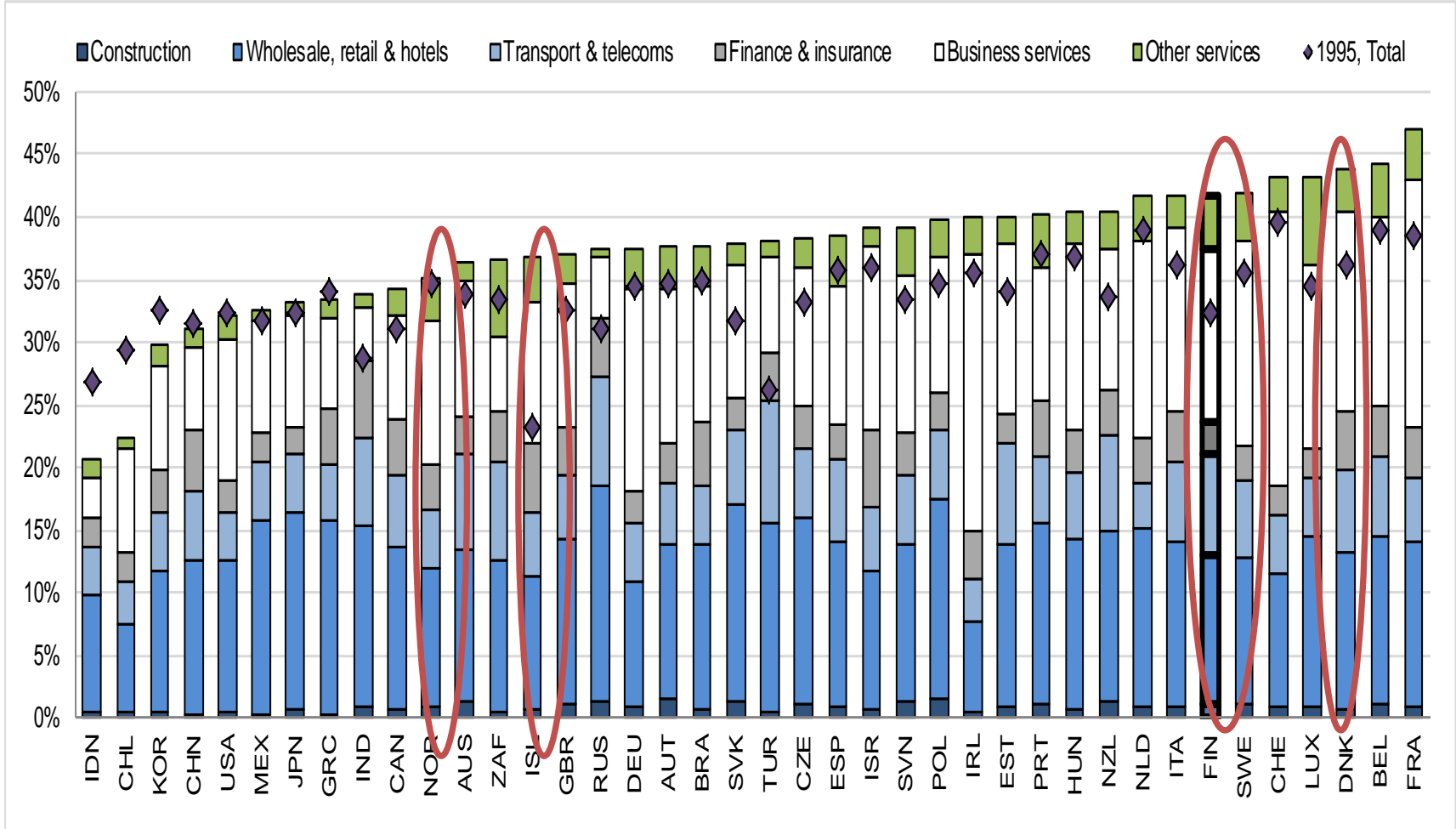
**Gross exports by source of value added:
Manufacturing 2011**





...including services..

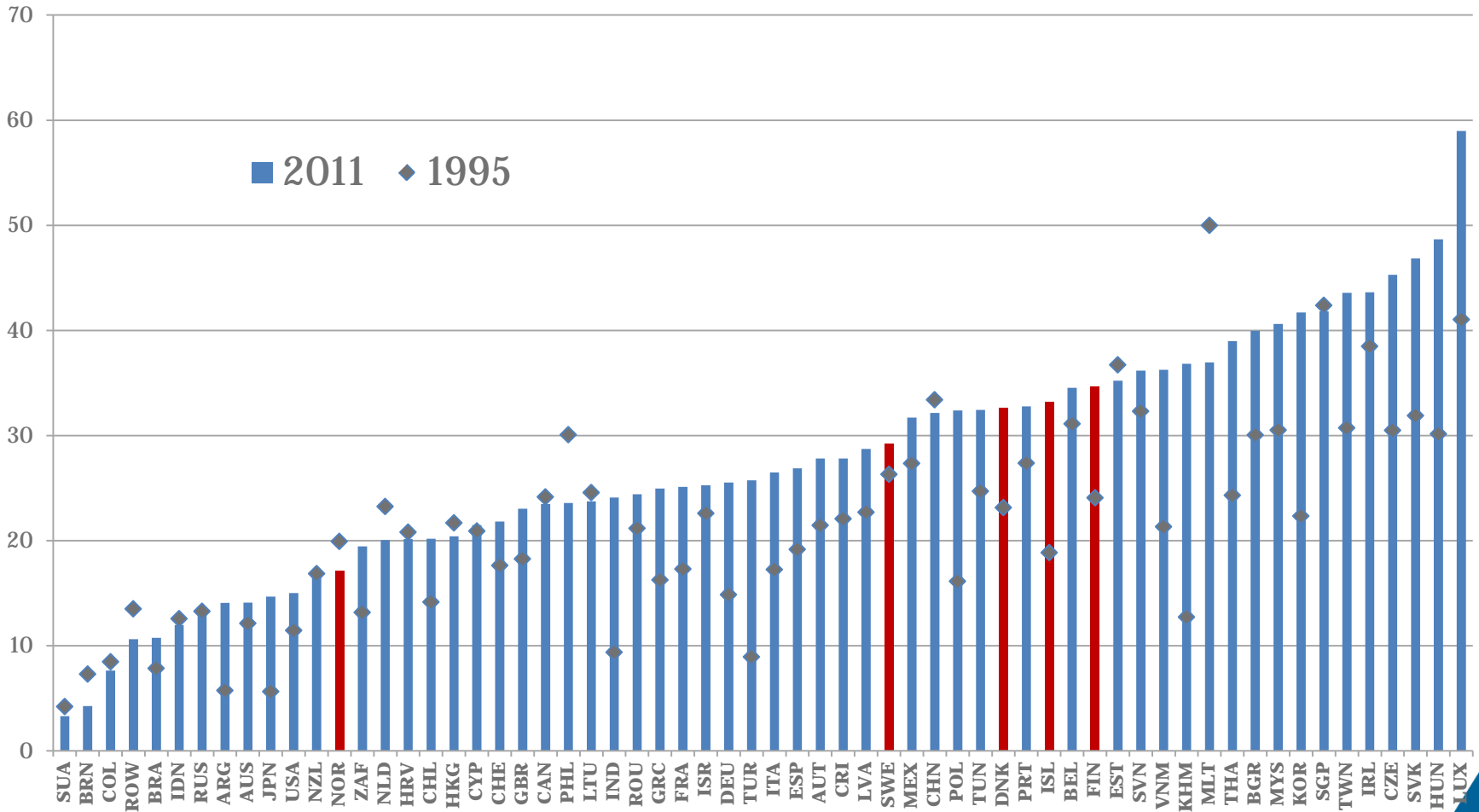
Services value added embodied in manufacturing exports, by country





...integration has increased...

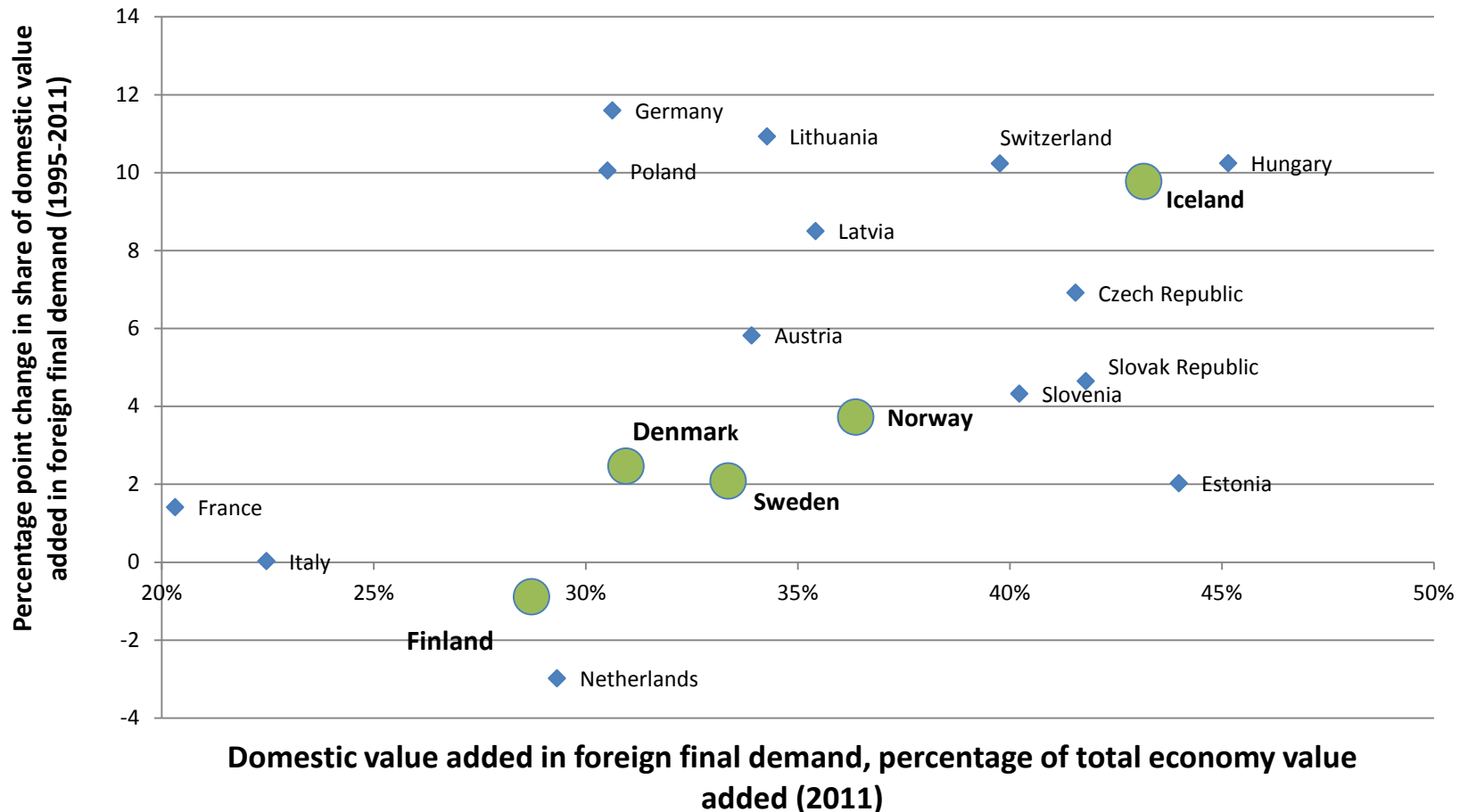
Foreign Value Added share of gross exports, %





..and export orientation is significant...

... but the pace of integration has been slow compared to neighbours

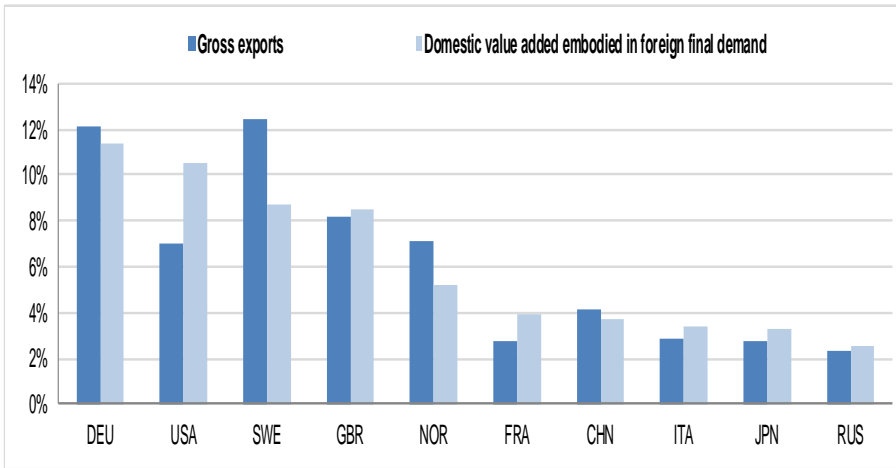




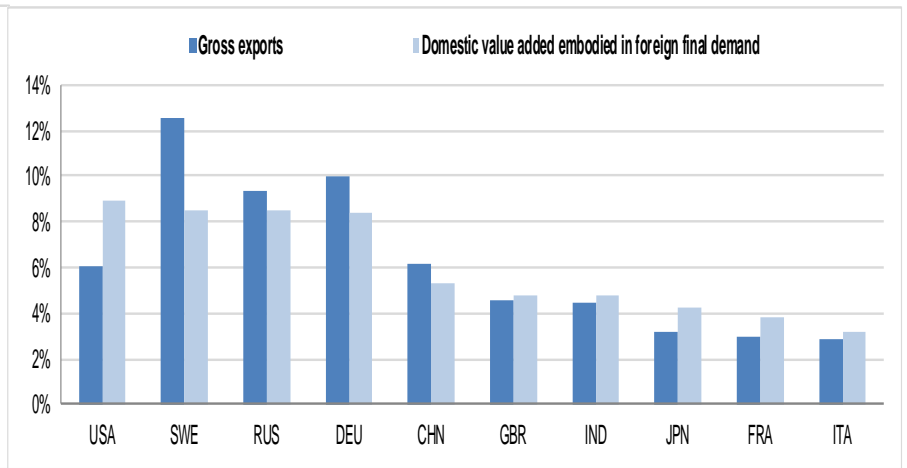
...trade patterns change too....

Exports to main trading partners, % of exports

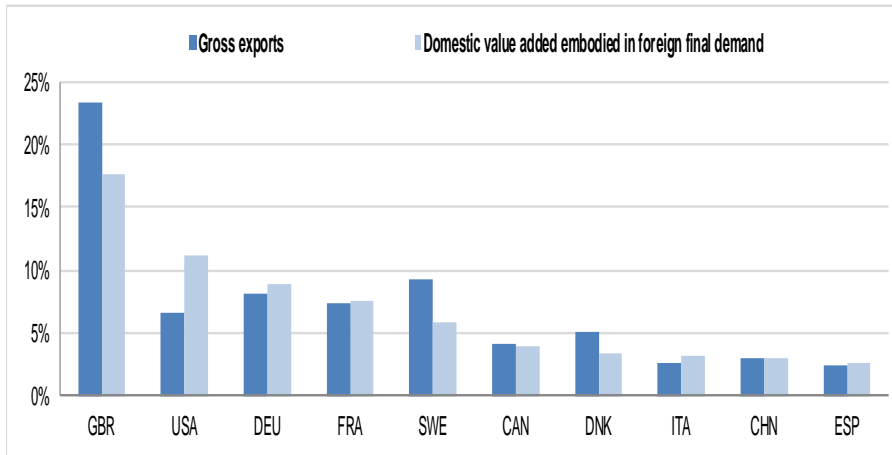
Denmark



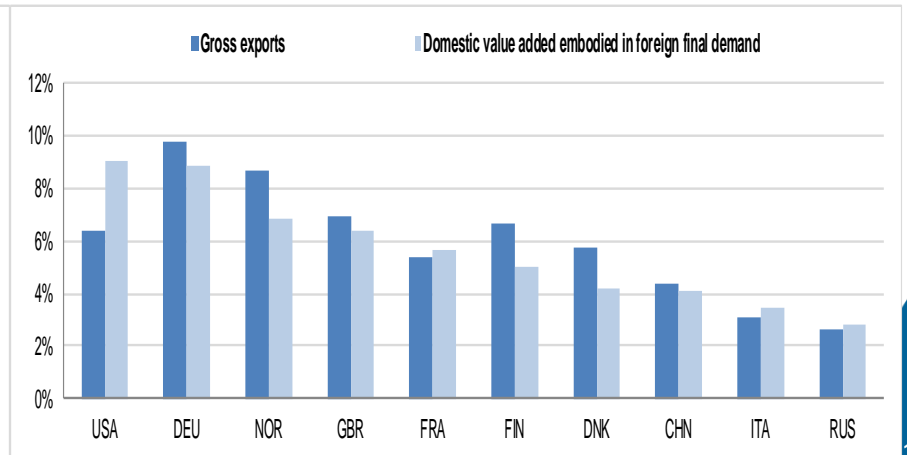
Finland



Norway



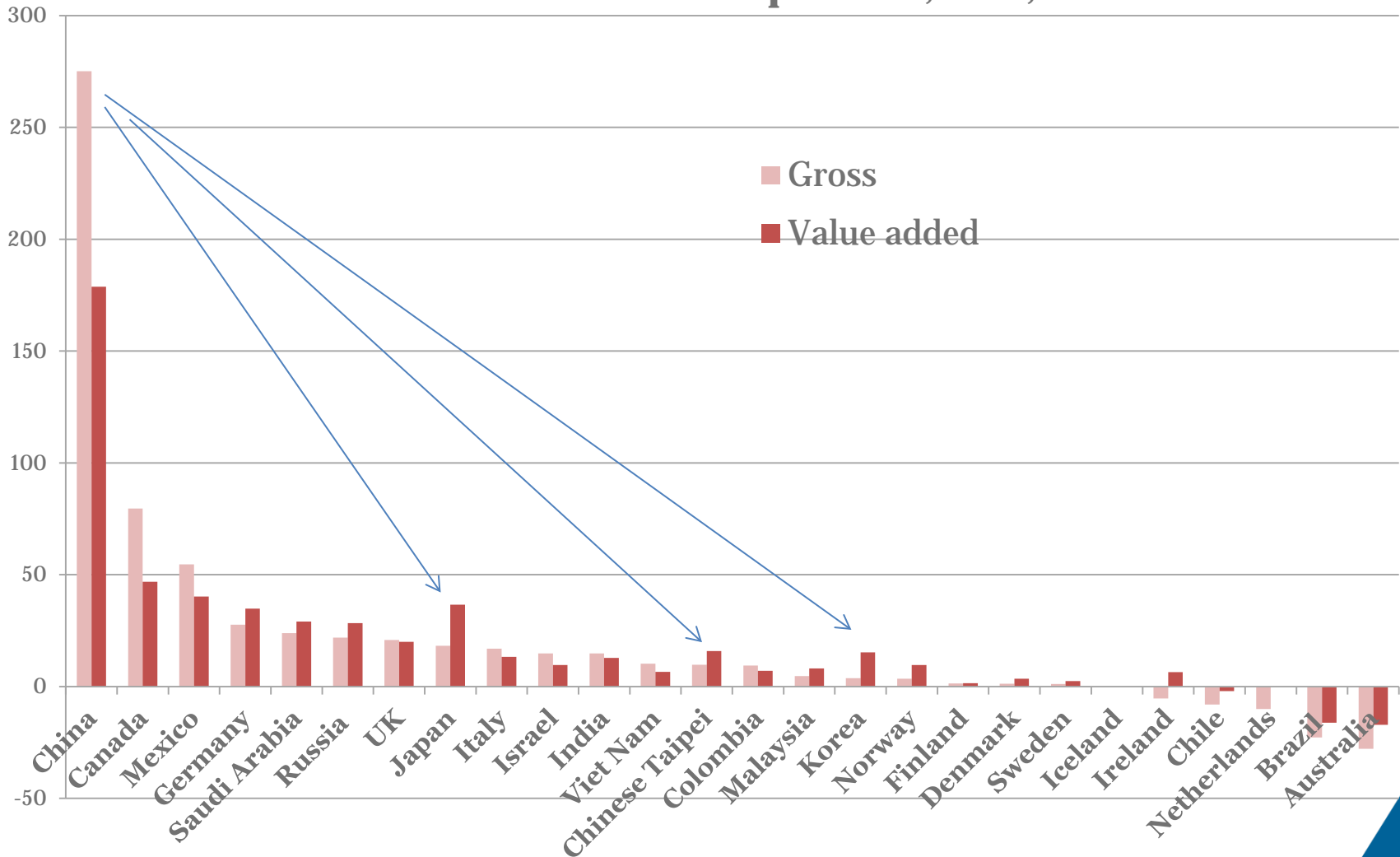
Sweden





...adding important insights...

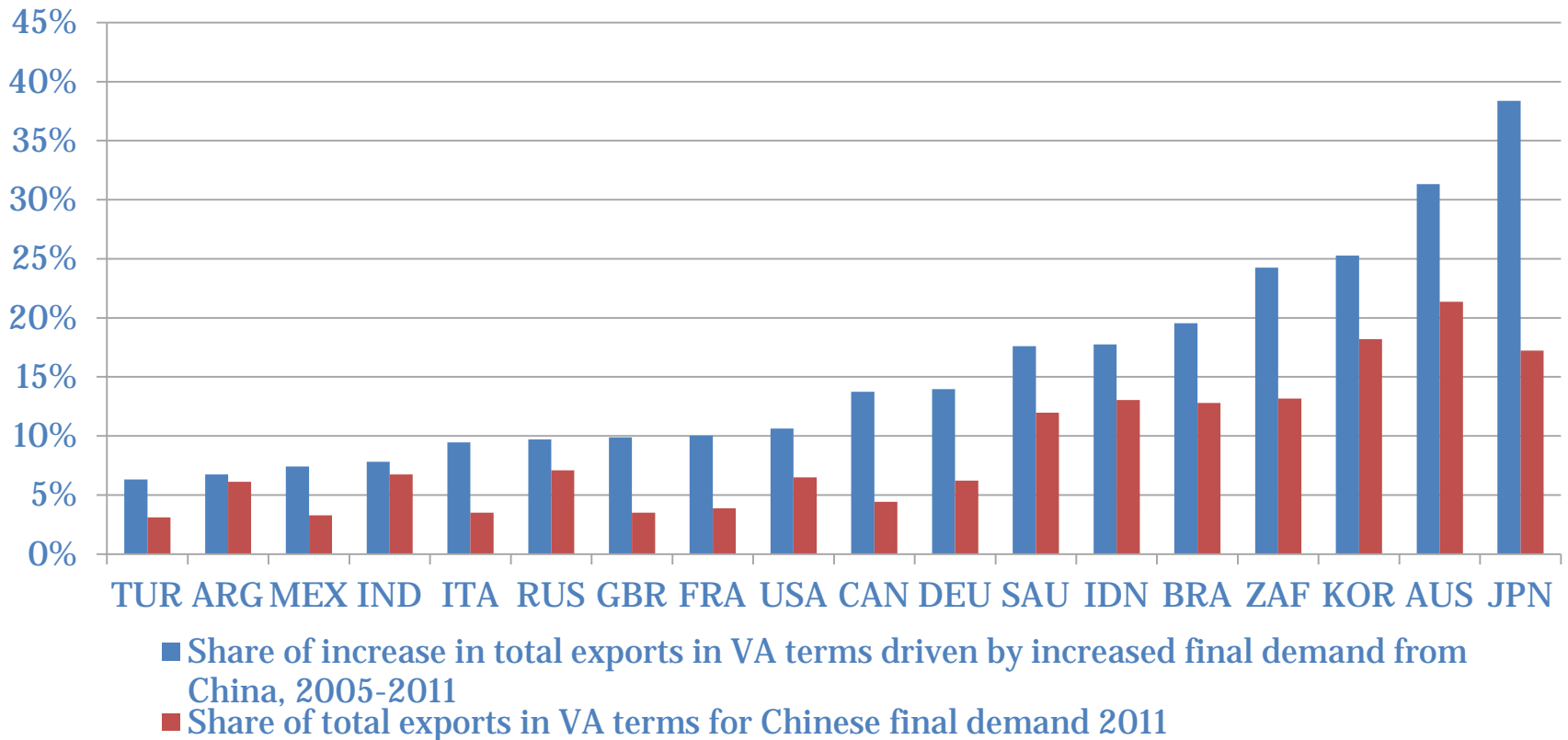
US trade deficit with selected partners, 2011, USD bn





...on sources of growth and interconnectedness.....

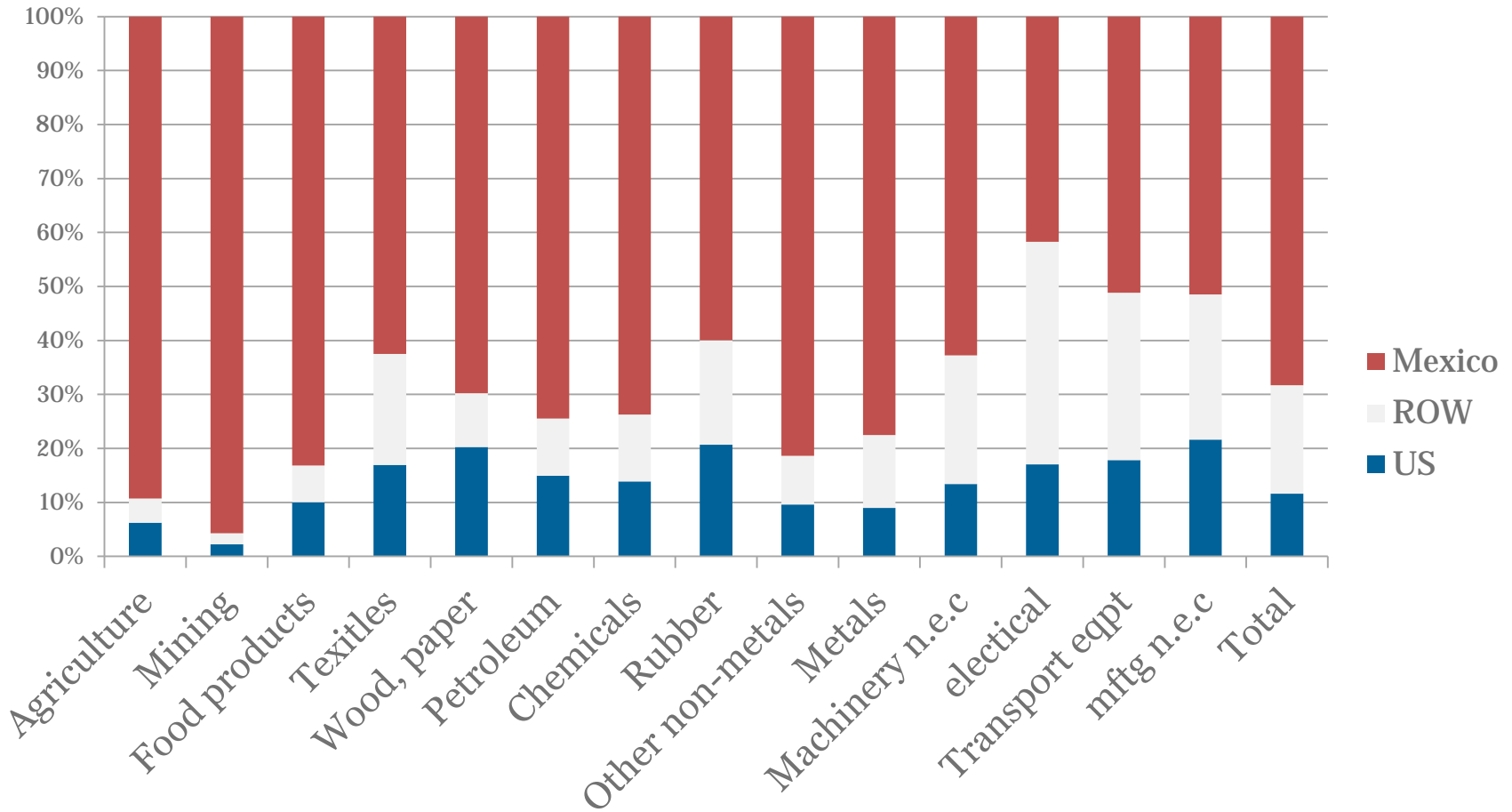
Chinese households were important drivers of export growth in recent years.....what does a slowdown imply?





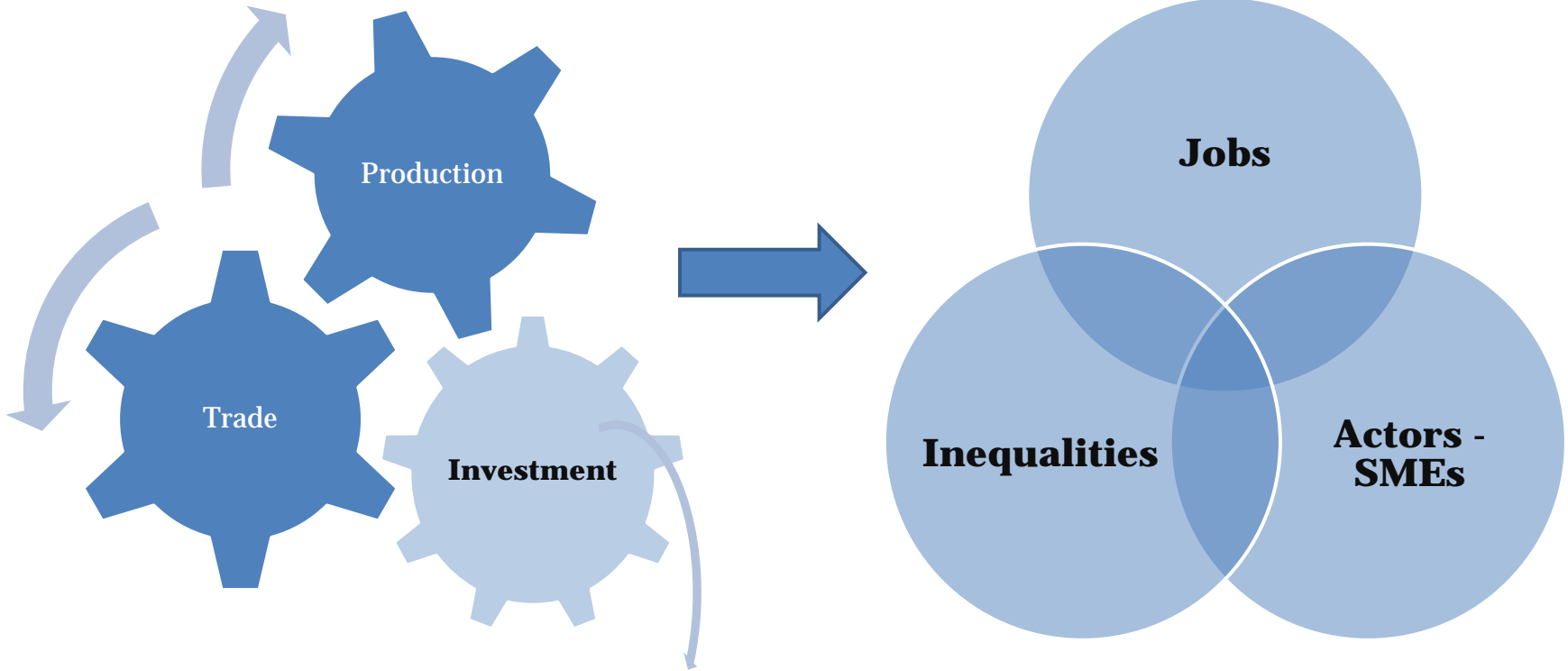
...the feedback loop...

Mexico's exports by origin of value-added, 2011





But this only scratches at the surface





Global production requires

- that we put ‘global’ at the heart of ‘national’
 - But with a granularity that provides insights on the actors and their heterogeneity
 - Improving our understanding of interconnectedness and benefits, challenges and consequences of globalisation
 - Whilst also improving GDP
 - In other words **new internationally integrated economic accounting systems**



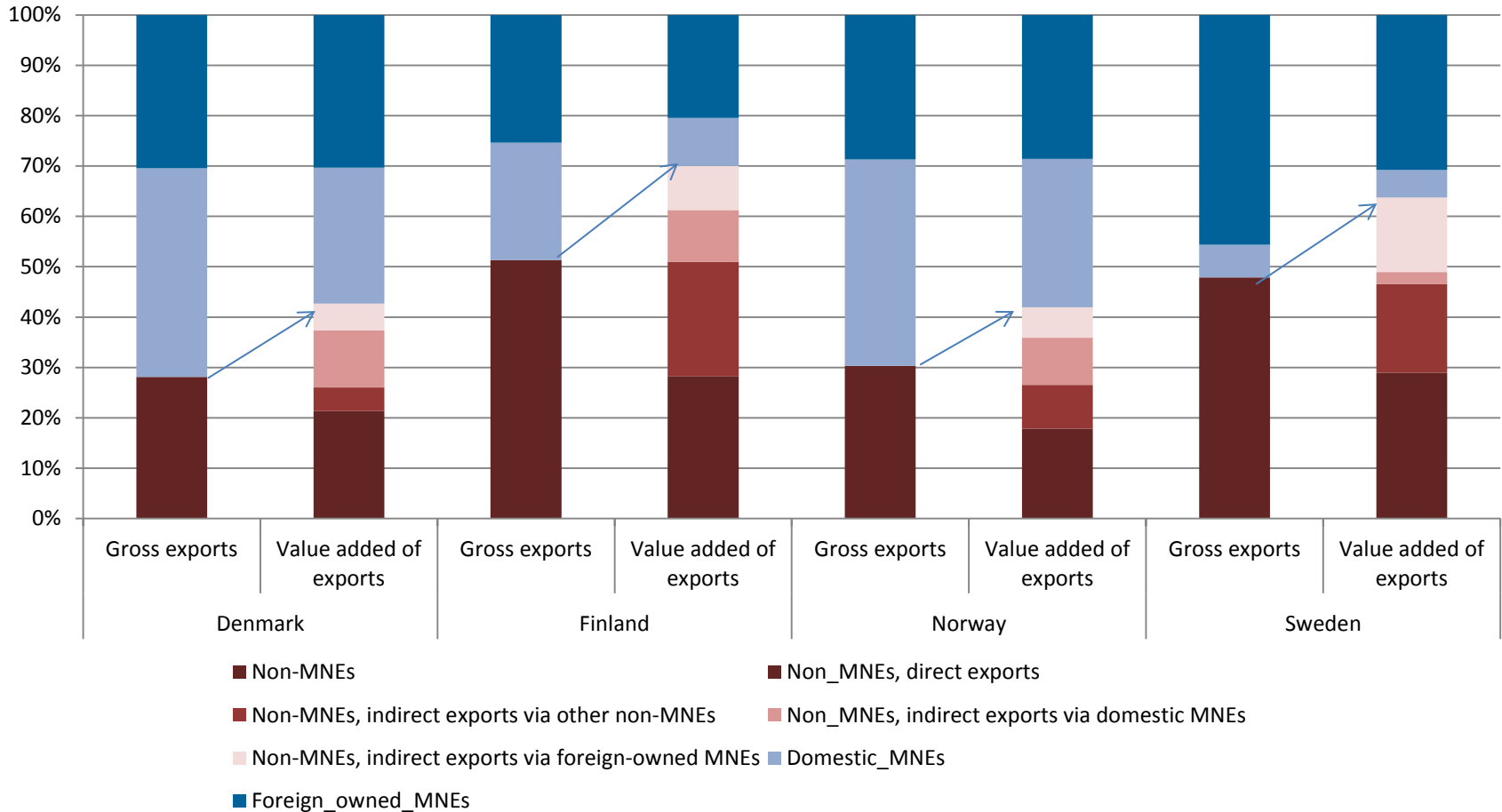
Trailblazing collaboration with Nordic council...

- To create expanded TIVA highlighting the role of SMEs and MNEs and Traders in global production



A large share of domestic value-added exports reflect foreign MNEs.... but non MNEs play an important upstream role

Shares of firms in gross exports and in exported value added, 2013

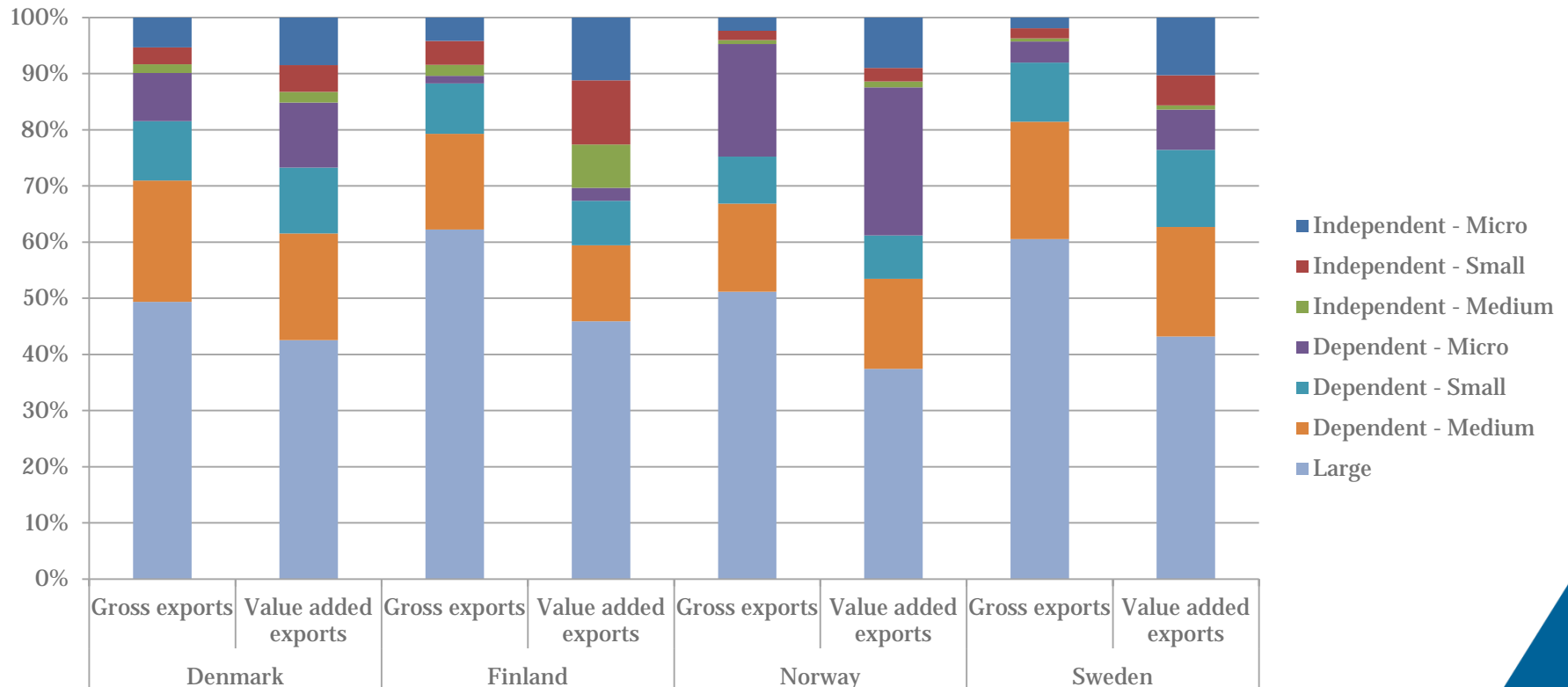




...meaning that SMEs are highly integrated (directly and indirectly)

... particularly dependent SMEs...

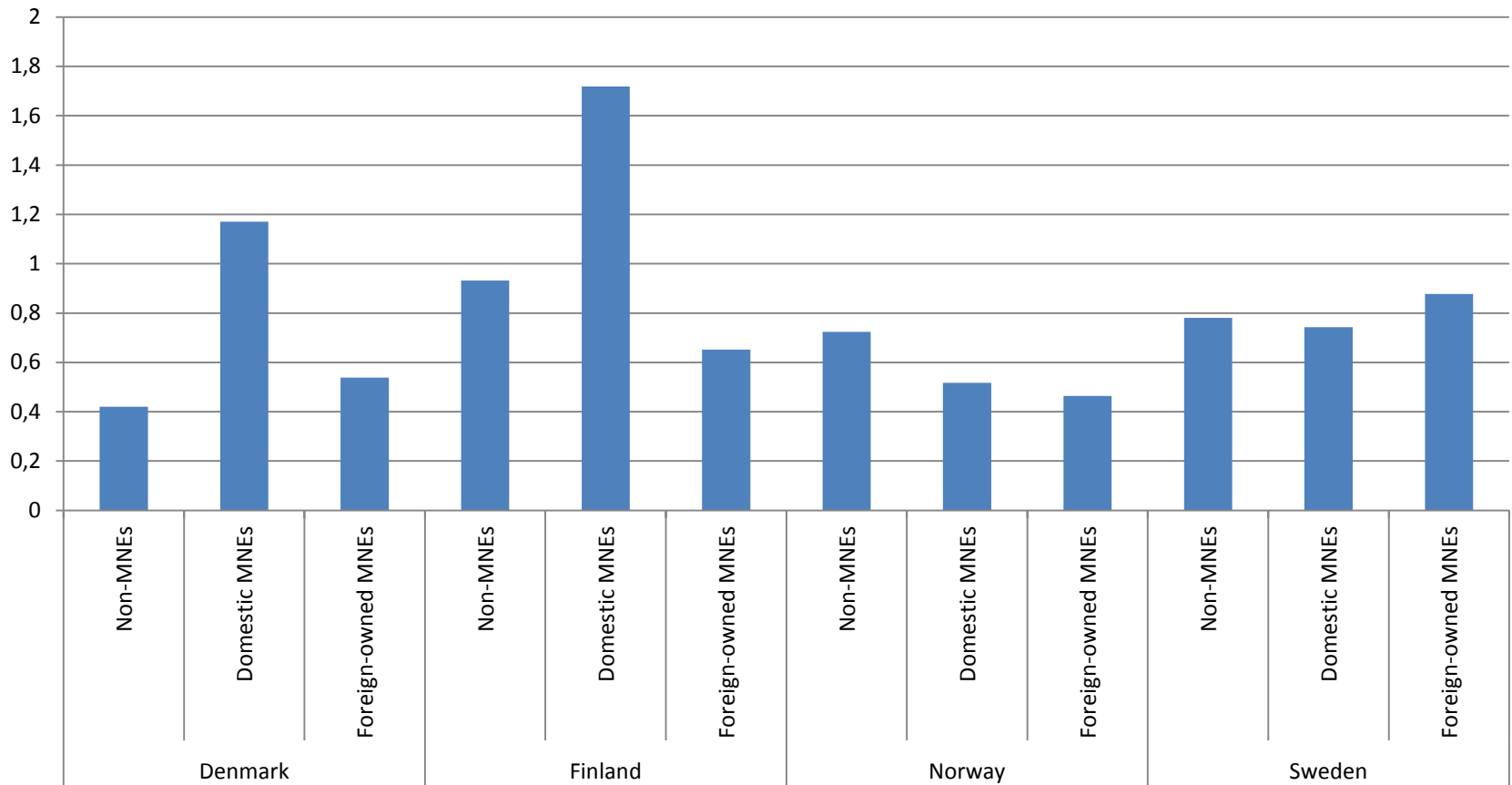
Shares of firms in gross exports and in exported value added, 2013





But spillovers are higher from domestic MNEs..

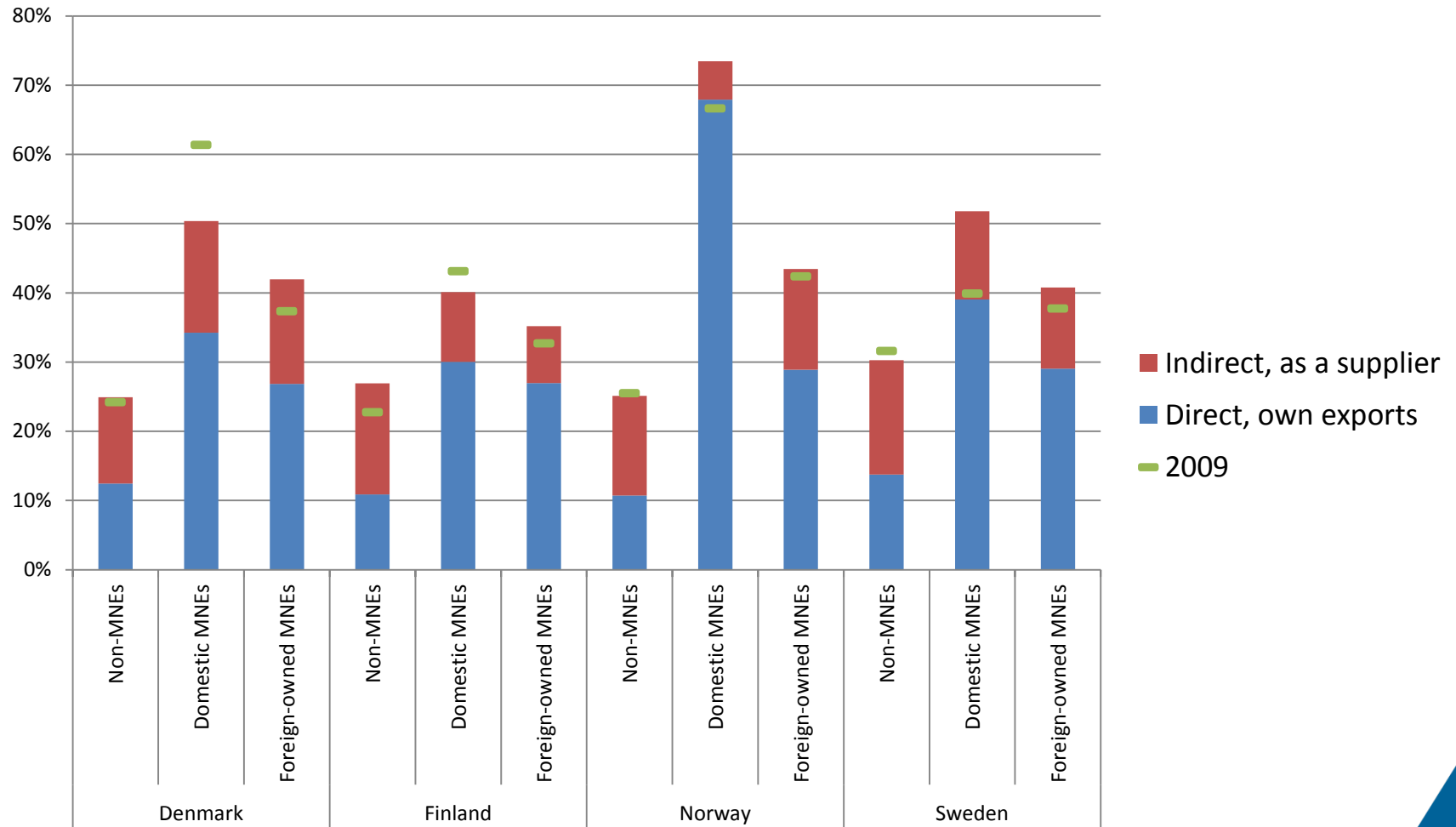
Value added generated at domestic suppliers for each Euro of value added at exporter, by firm type , 2013





... partly because the orientation of foreign MNEs is more inward looking..

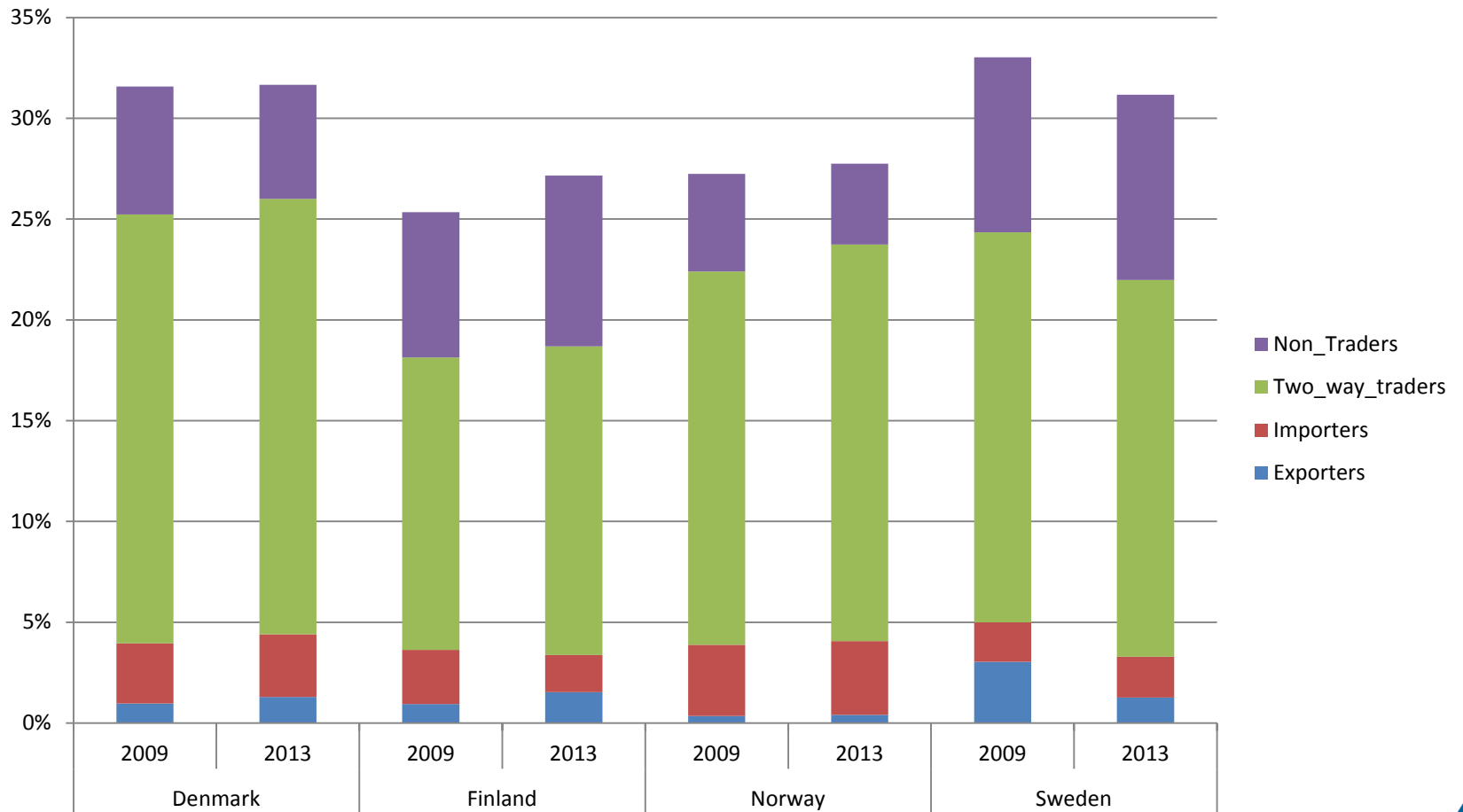
Value added due to exports as share of total value added, 2013





...around 30% of jobs depend on foreign markets...

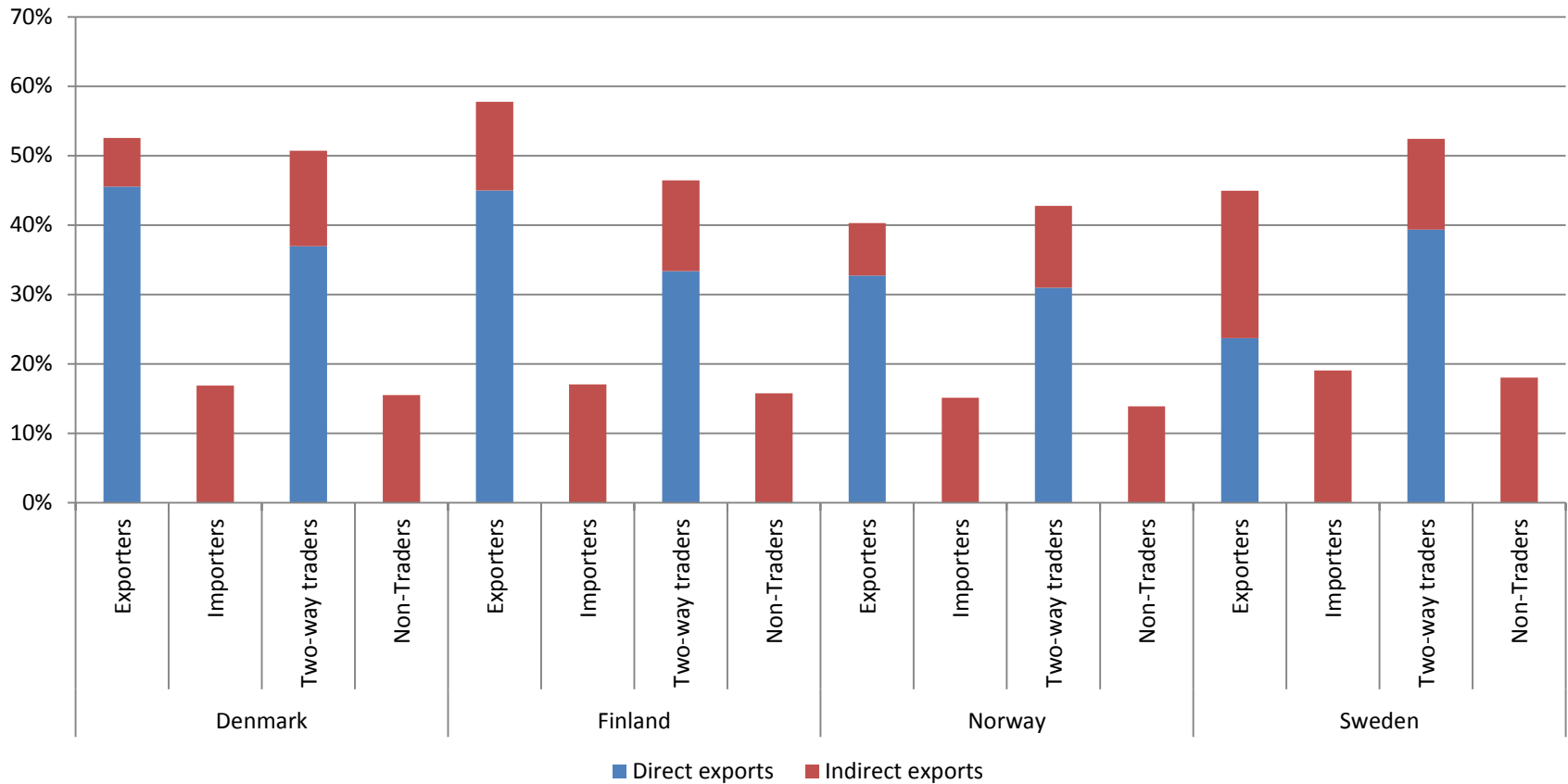
Employment embodied in exports, by firm type, as share of total employment





...and up to 20% even in firms with no direct exports....

Share of employment that is embodied in exports, by firm type, 2013





Next steps

- **Forthcoming report to accompany today's report**
- Build on momentum from the collaboration with the Nordics but also advance with other countries
- To help build the 21st century statistical information systems needed for 21st century production



Thank you:

Contact: nadim.ahmad@oecd.org