TRADE POLICY IMPLICATIONS OF GLOBAL VALUE CHAINS

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Steel Committee, 1 July 2013

What is Trade in Value Added (TiVA)?

- An horizontal project involving STD, STI and TAD
- A database containing estimates of the value that is added, by country and by industry, in producing goods and services
  - Reveals the source of income generated and the economic significance of both exports and imports
- Main TiVA indicators:
  - Gross trade decomposition:
    - Direct domestic VA / Indirect domestic VA / Re-imported domestic VA and Foreign VA
  - Final demand approach:
    - Domestic VA embodied in foreign final demand
    - Foreign VA embodied in domestic final demand
  - Re-exported intermediate inputs (as a % of total intermediate imports)
  - Services value-added:
    - Services VA embodied in gross exports / in final demand
# OECD Inter-country I-O table

## National I-O tables
- Production linkage
- Final expenditure
- Income (Value-added)
- Import procurement info

## Bilateral Trade Database
- Industry and End-use (capital, intermediates, consumption goods)

57 economies + Row, 1995-2009, 37 sectors, consistent with SNA

<table>
<thead>
<tr>
<th>Country A</th>
<th>Country B</th>
<th>Final Demand</th>
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<td>Tax less subsidy on products</td>
<td>( NTZ_1^{A} )</td>
<td>( NTZ_2^{A} )</td>
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<td>International trade margin and insurance</td>
<td>( TIZ_1^{A} )</td>
<td>( TIZ_2^{A} )</td>
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## Domestic value-added content of gross exports

0% to 100% chart showing the domestic value-added content of gross exports for various countries. The chart compares the years 2009 and 1995.

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Exports require imports

Value-added often returns
GVCs magnify the costs of protection…

Manufacturing

Agriculture

Tariffs on gross exports

Tariffs on the domestic VA of exports

Services play a key role in global trade…

Services value added embodied in gross exports of basic metals and metal products, 2009

Domestic content

Foreign content

1995
Further policy implications

- **Non-tariff barriers**
  - Transport and administrative procedures: importance of trade facilitation
  - Standards
  - Barriers on services links in the value chain
- **Multilateral, regional or unilateral liberalisation? Sectoral?**
- **The “goods-services-investment-competition” nexus: towards comprehensive agreements addressing all dimensions of market access in the context of GVCs?**
- **Rules of origin**

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