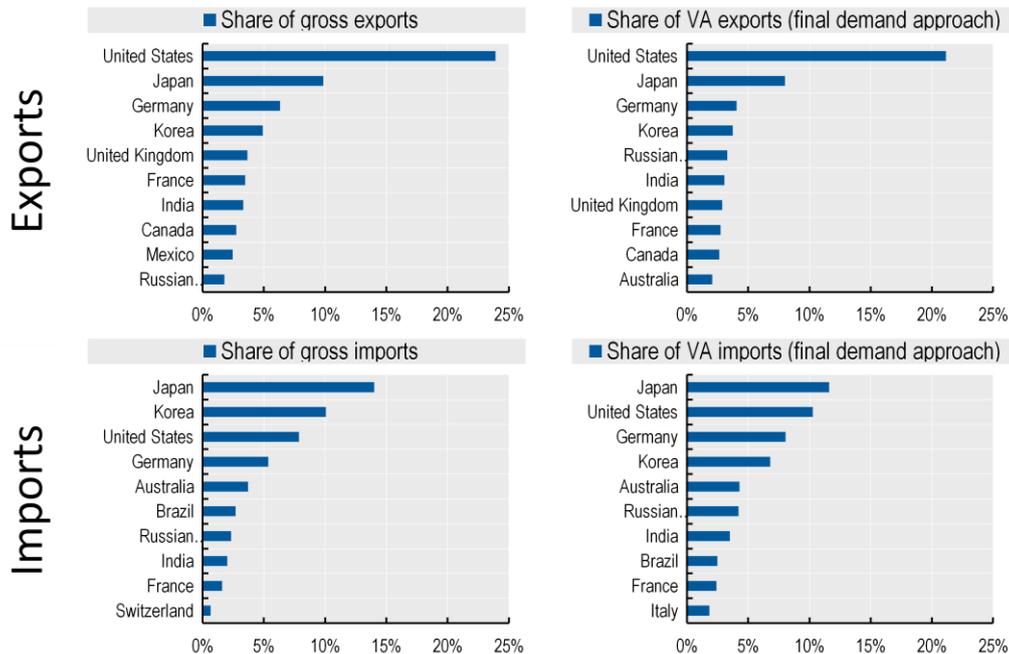


## OECD/WTO TRADE IN VALUE-ADDED (TiVA) DATABASE: CHINA

### China: Main findings from the TiVA database

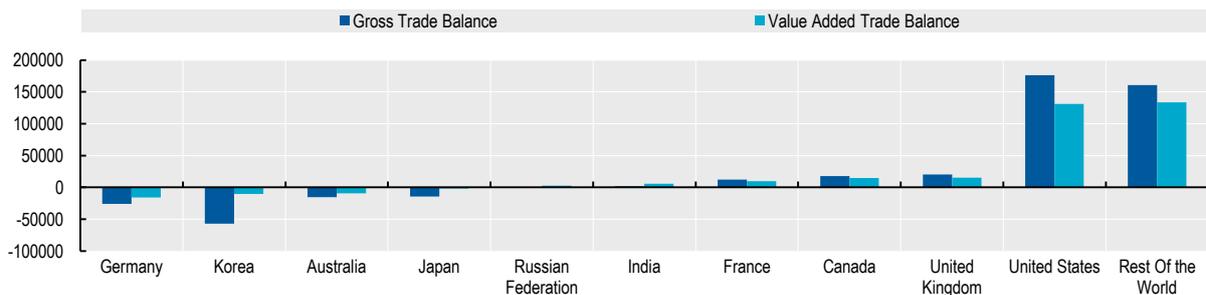
- The bilateral trade surplus with the US is about 25% lower in value-added terms. Interestingly, a significant factor behind this is the relatively higher imports of US value-added.
- China is well connected to other economies as a hub in “factory Asia”: gross exports incorporate a large share of foreign value-added and nearly half of all imported intermediates are used as inputs for exports.
- While China is strong in manufacturing industries, the role of services should not be neglected: 30% of Chinese gross exports correspond to value-added from services industries and in sectors such as electronic goods, 30% of the value exported also comes from services.

Figure 1. Exports and imports in gross and value-added terms, by partner country (as a % of total), 2009



In the iPhone example that has popularised the concept of trade in value-added, China is at the end of the value chain and exports a lower value to the US than suggested by gross trade flows. The reality at the aggregate level in 2009 is different. China exports relatively more value-added to the US than to other countries on a value-added basis (21% to US, followed by 8% to Japan) (Fig. 1). But it also imports relatively more from the US, partly reflecting the US’s relatively high domestic content in its exports, thus leading to a lower bilateral trade surplus (131 billion USD in value-added compared to 176 billion USD in gross) (Fig. 2). As a final assembler, China relies on intermediate goods and services that are for a significant share imported from the US or that incorporate value-added from the US. China has also moved upstream in some value chains and exports intermediate inputs used by third countries that export to the US.

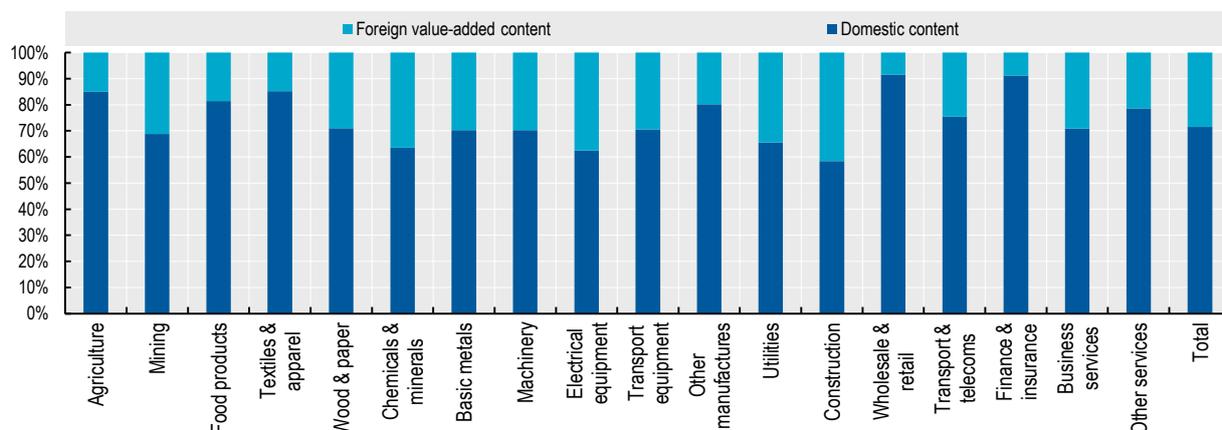
Figure 2. Bilateral trade balances, million USD, 2009



From Fig. 1, the relationship between China and Korea is also interesting. Korea is China’s second biggest foreign supplier in terms of gross imports (10%) but moves to fourth position on a value-added basis

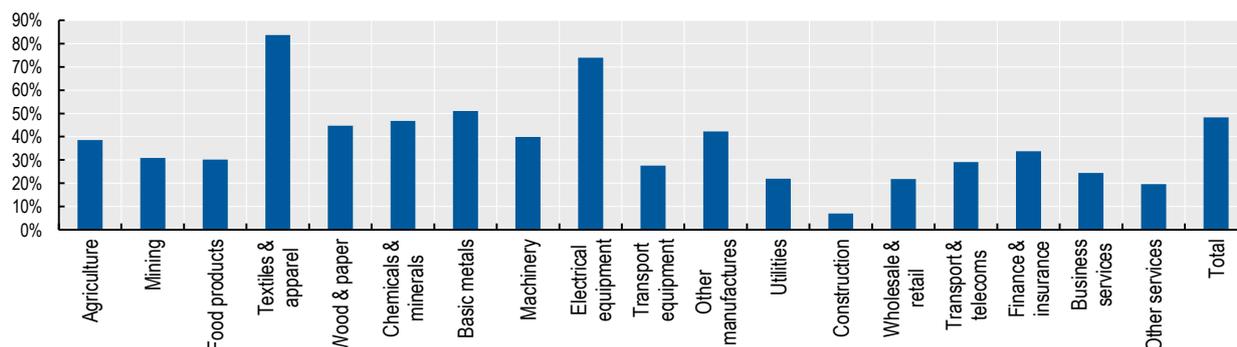
(7%). A significant share of these gross imports are Korean intermediate inputs processed by Chinese firms before being exported elsewhere, thus illustrating the value chain in “factory Asia”.

**Figure 3. Value-added content of gross exports, by industry, 2009**



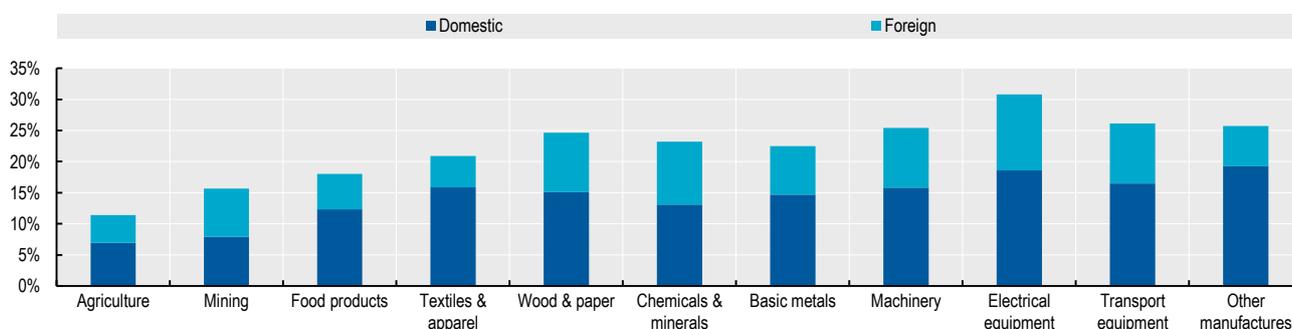
China has on average a higher foreign content in its gross exports compared to other countries because of its position at the end of the value chain. The foreign content can be as high as 40% in the electronics or mineral products industries (Fig. 3). Not surprisingly, China is well connected to global value chains and the share of intermediate inputs that are used for exports rather than domestic production is especially high in the textile industry and for electronics (more than 70%) (Fig. 4).

**Figure 4. Share of imported intermediate inputs that are exported, by import category, 2009**



While China has more of a comparative advantage in manufacturing industries, a significant share of the value-added it exports originates in services sectors (Fig. 5). In industries such as electronics, for example, about a third of the value exported reflects services content.

**Figure 5. Services content of gross exports, by industry, 2009**



**The information included in this note is based on a preliminary version of the Trade in Value-Added database released on 16 January 2013. The data can be accessed on [stats.oecd.org](http://stats.oecd.org). For further information, please contact us ([tiva.contact@oecd.org](mailto:tiva.contact@oecd.org)) or visit our website ([www.oecd.org/trade/valueadded](http://www.oecd.org/trade/valueadded)).**