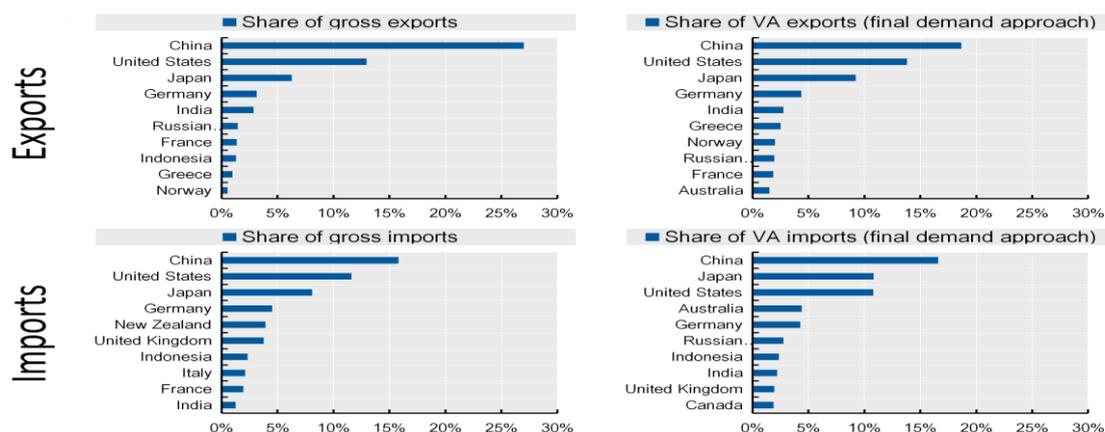


## OECD/WTO TRADE IN VALUE-ADDED (TiVA) DATABASE: KOREA

### KOREA: Main findings from the TiVA database

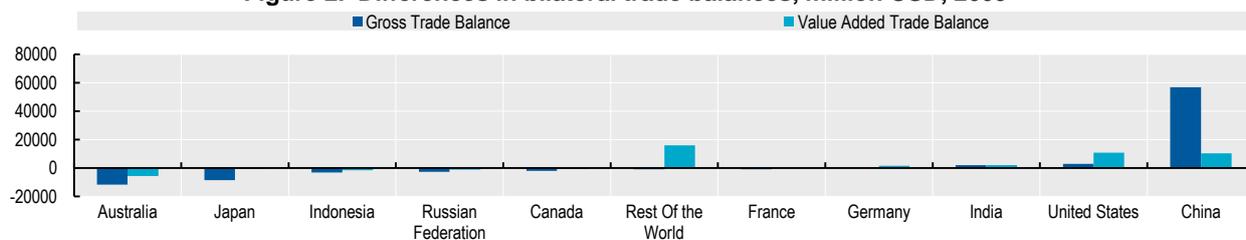
- Korea has the fourth highest foreign content (over 40%) of its exports amongst OECD countries, with only Luxembourg, Slovakia and Hungary recording higher levels of international fragmentation.
- Korea exports significantly less, proportionately, to China in value-added terms than it does in gross terms, with higher shares to the United States, Japan and Germany. China remains the biggest source of imports, but there are significantly more imports, proportionately, from Japan and Australia in value-added terms.
- Korea's trade surplus with China decreases significantly (nearly 80%) in value added terms whilst its deficit with Japan falls close to balance and its surplus with the United States increases significantly.
- At just over 37% the services content of Korea's exports is the fourth lowest in the OECD, with only Mexico, Chile and Norway recording lower shares.

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

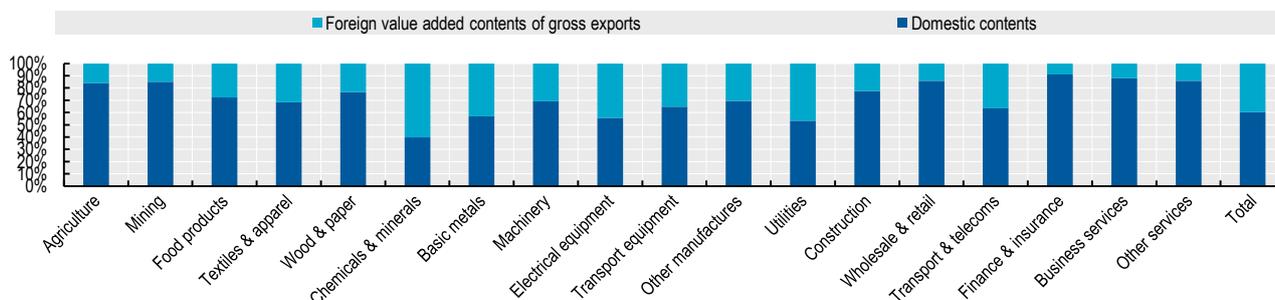


Korea is very much a significant part of Factory Asia. It has the fourth highest import content in its exports and significant trade in both gross and value-added terms with other Asian economies. In gross terms 27% of its exports go to China, but in value-added terms this falls to 19% (Fig 1), reflecting the significant Chinese processing of Korean made goods, before being exported to other markets. This results in higher shares of Korean value-added to more developed markets, such as the United States, Japan and Germany. Japan displaces the United States as Korea's second most important source of imports, with significantly more imports, proportionately, also coming from Australia; partly reflecting Australian value-added embodied in Korea's imports from other countries. This explains the significant changes seen in Korea's bilateral trade balances. Korea's trade surplus with China decreases by over USD 45 billion (from 56.9 billion USD to 10.4 billion USD) whilst its deficit with Japan is almost wiped out (from -8.5 billion to -360 million USD), as Korean value-added finds its way into Japan embodied in Chinese gross exports. Similarly Korea's surplus with the United States increases by nearly 8 billion USD (3 billion USD to 10.9 billion USD).

**Figure 2. Differences in bilateral trade balances, million USD, 2009**

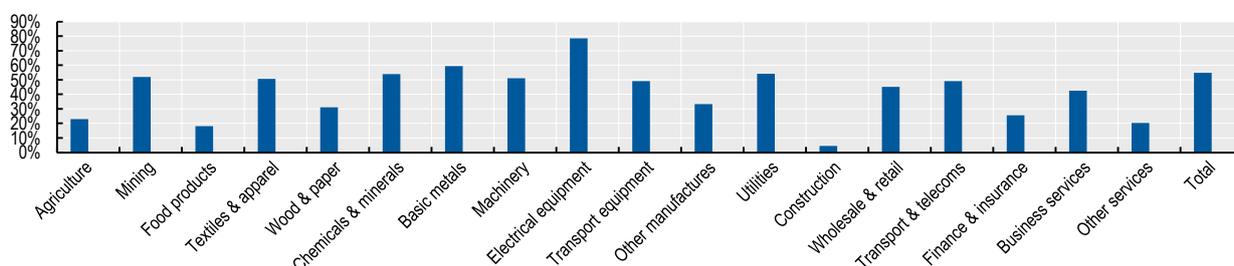


**Figure 3. Value-added content of gross exports, by industry, 2009**



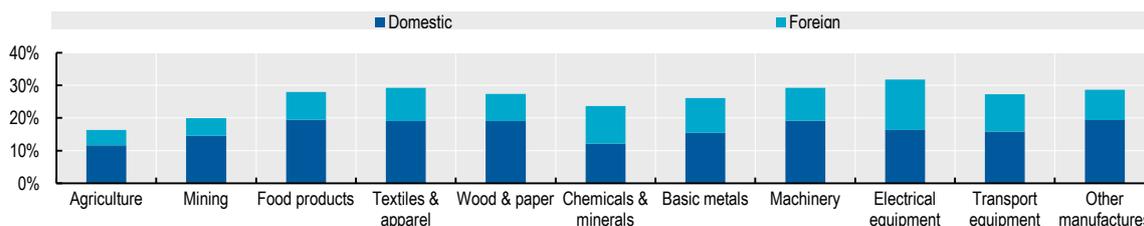
The foreign value-added content in Korea's total gross exports and share of imported intermediates that are embodied in exports is amongst the highest in OECD countries, partly reflecting its high degree of integration within Factory Asia but also specialisation in industries requiring significant imports of natural resources. The foreign content of gross exports in mineral products is 60%, with high shares also in metals (43%), electronics (44%), transport equipment (35%) and textiles (32%) (Fig 3). The corollary is that over half of all intermediate imports of mining products are embodied in exports (Fig 4). Factory Asia, can also be seen its high share (nearly 80%) of intermediate imports of electronic products used for exports (Fig. 4).

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



The contribution made by services to Korean exports is the fourth lowest in the OECD, with only Mexico, Chile and Norway having lower shares (with the low shares for Chile and Norway being at least in part explained by their high exports of primary products such as oil and minerals). But Korea's relatively low shares are at least in part also explained by the significant share goods make to its overall exports. For most goods industries, services make up about 30% of the value-added content, which although remaining at the lower end of OECD countries, are not far off the OECD average. .

**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)).*