

TRADE IN VALUE ADDED: ARGENTINA

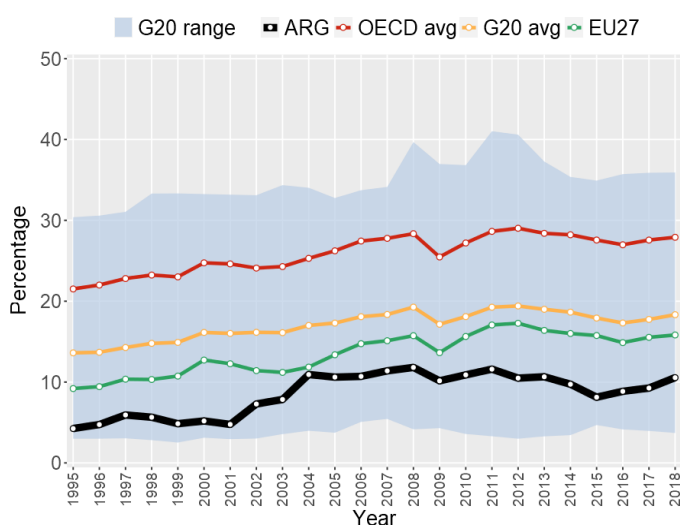
February 2022

Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade measures alone, the TiVA approach better reflects the significantly higher contribution made by services in GVCs, the role of imports in export performance, and the true nature of economic interdependencies. The 2021 version of the TiVA database covers 66 economies and 45 industrial sectors, for the years 1995 to 2018, and brings together indicators based on the value-added origins (both country and industry) of exports, imports and final demand. This note highlights the trade patterns in value-added terms for Argentina, with a view to informing policy making for a range of areas including trade, innovation and investment.

Key findings

- ▶ The foreign content of Argentina's exports peaked in 2008 at 11.8%. After a period of a downward trend between 2011 and 2015, the share has been rising again to reach 10.5% in 2018, which is still significantly below the OECD and G20 averages, 27.9% and 18.3%, respectively (Figure 1). Industries with relatively high foreign content in their exports included *ICT and electronics* (31.2%) and *Motor vehicles* (28.3%) (Figure 3a).
- ▶ In 2018, Argentina's domestic share of value added meeting foreign final demand was highest in manufacturing activities such as *Motor vehicles* (41.5%) and *Basic metals* (34%); however, the overall share of Argentinian manufacturing decreased by 8 percentage points from 30.6% in 2008 (Figure 2).
- ▶ Both in gross and value-added terms, the European Union, Brazil and the United States are Argentina's largest export markets in 2018. Although most of Argentina's gross imports came from the European Union, the largest share of foreign value-added content in Argentinian final demand originated from the United States. These two economies, together with China and Brazil, cover approximately 70% of Argentinian imports both in gross and value-added terms (Figure 5).
- ▶ The services content of Argentina's gross exports stood at 47.6% in 2018, above 2008 levels (41.2%) and below the OECD average of 55.7%. The services content of gross exports rose for nearly all manufacturing industries, particularly in *ICT and electronics*, increasing by 10.3 percentage points (Figure 7).

Figure 1. Foreign value-added content of gross exports
As a percent of total gross exports, 1995 to 2018



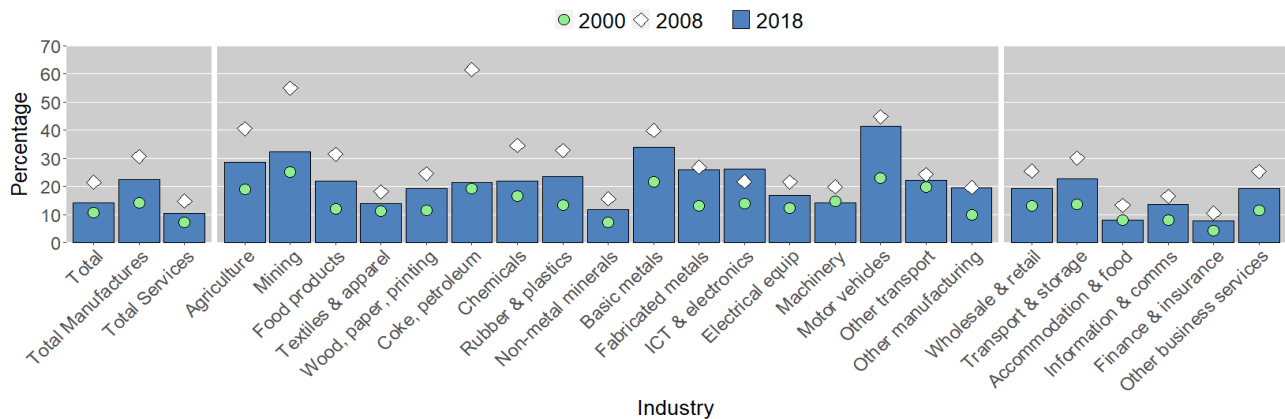
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of Argentina's exports is estimated to have decreased from 11.8% to 10.5% - significantly below the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 1.3 percentage points lower.

The role of foreign final demand in domestic production

Overall, in 2018, 14.2% of Argentina's domestic value added was driven by foreign final demand, down from 21.4% in 2008. By industry, the shares ranged from *Motor vehicles* (41.5%) and *Basic metals* (34%) at the higher end to *Financial and insurance* (7.7%) at the lower end.

Figure 2. Argentina - domestic value added in foreign final demand
As a percent of value added, by industry, 2000, 2008 and 2018



The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were *ICT and electronics* (31.2%), *Motor vehicles* (28.3%) and *Other transport equipment* (24.7%). *Food and beverages* generated the greatest source of domestic value-added content of exports in 2018, accounting for 19.2% of gross exports (Figure 3b), followed by *Wholesale and retail trade* (13.8%) and *Agriculture, forestry and fishing* (9.2%). The most foreign content in total exports came from *Motor vehicles* (2.4%).

Figure 3a. Argentina - foreign value-added content of gross exports
As a percent of gross exports, by industry, 2000, 2008 and 2018

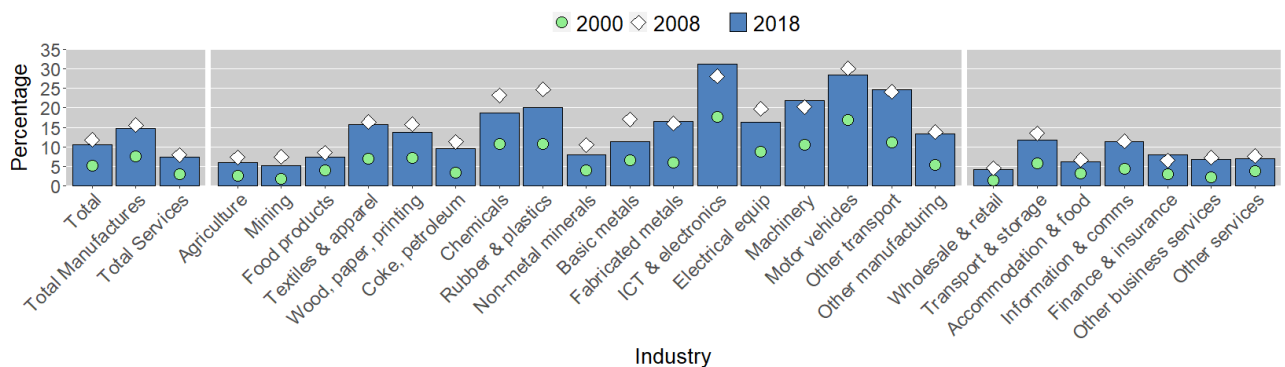
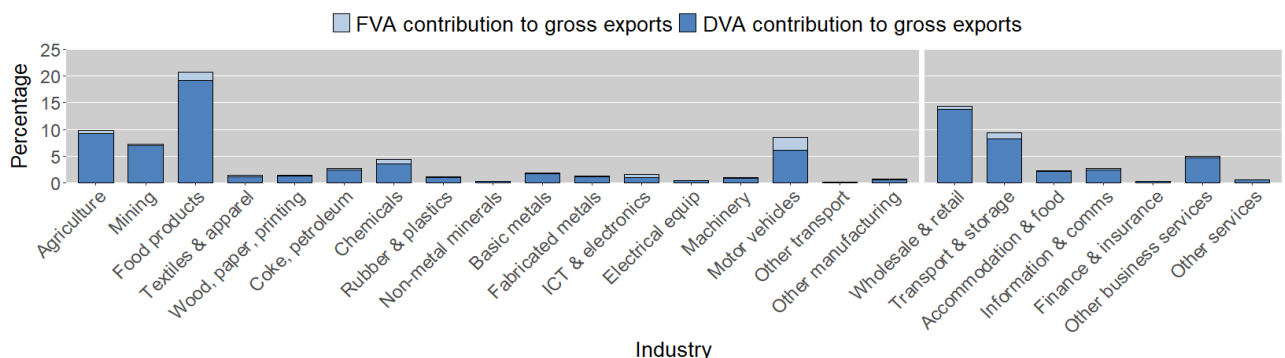
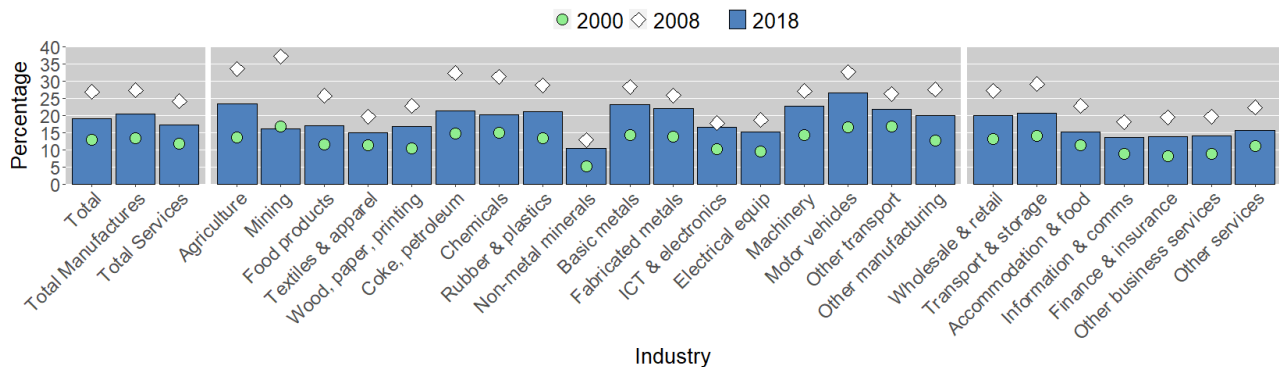


Figure 3b. Argentina - industry share of domestic and foreign value-added content of gross exports
As a percent of total gross exports, 2018



Of the total value of Argentina’s imports of intermediate goods and services in 2018, 19.2% was subsequently embodied in exports, significantly below the OECD average of 47.9%, and below the share in 2008 (26.9%). The originating industries with the highest shares of intermediate imports used in Argentina’s exports were Motor vehicles (26.6%), Agriculture, forestry and fishing (23.5%) and Basic metals (23.1%).

Figure 4. Argentina - imported intermediate inputs used for exports, by industry-origin of imports
As a percent of intermediate imports, 2000, 2008 and 2018



Argentina: international flows of goods and services, main players

In gross terms, the European Union (15.8%), Brazil (14.8%) and the United States (9.3%) were the three most important Argentinian export market destinations in 2018. The top three final destinations for Argentina’s value added were the European Union (15.4%), Brazil (12.5%) and the United States (10.9%).

For imports in gross terms, Argentina’s top three partners in 2018 were the European Union (20%), the United States (18.8%) and Brazil (17%), while in value-added terms, the top three were the United States (20%), the European Union (19.8%) and China (15.1%).

Figure 5 Argentina - exports and imports: main partners
As a percent of total gross and value-added exports and imports, 2018

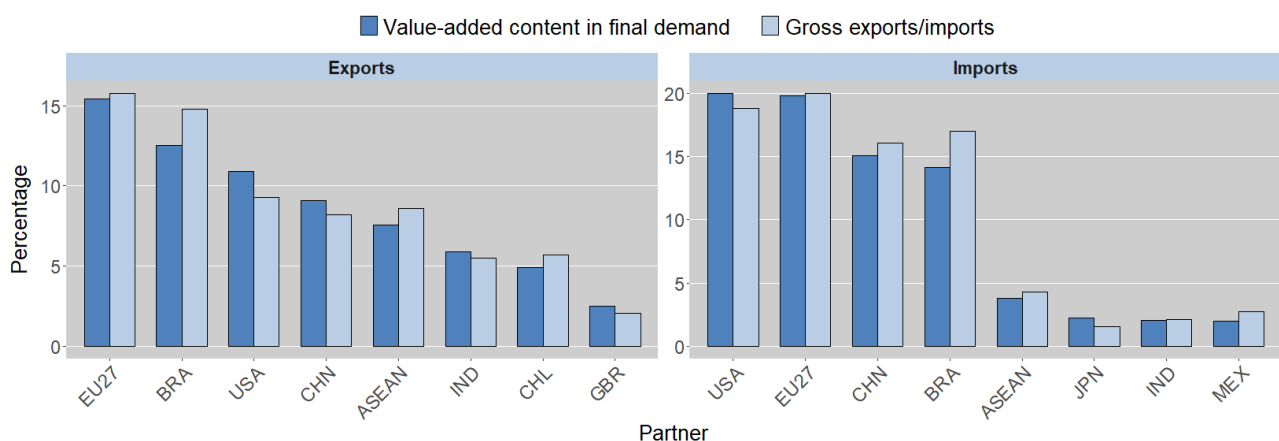
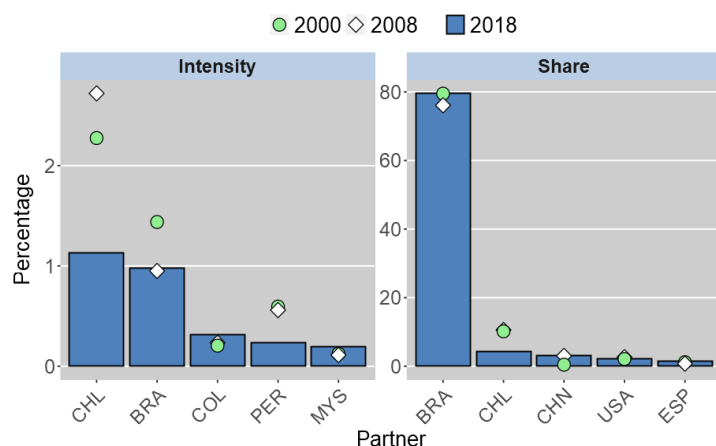


Figure 6. Argentina's domestic value-added content of manufactured imports, top 5 partners

As a share of total Argentina's value added embodied in Argentina's imports (right) and as a percent of total imports by partner (left)



In 2018, the highest shares of Argentina's domestic value added embodied in Argentina's manufactured imports (Figure 6, right) came from Brazil (79.6%), Chile (4.4%) and China (3.2%).

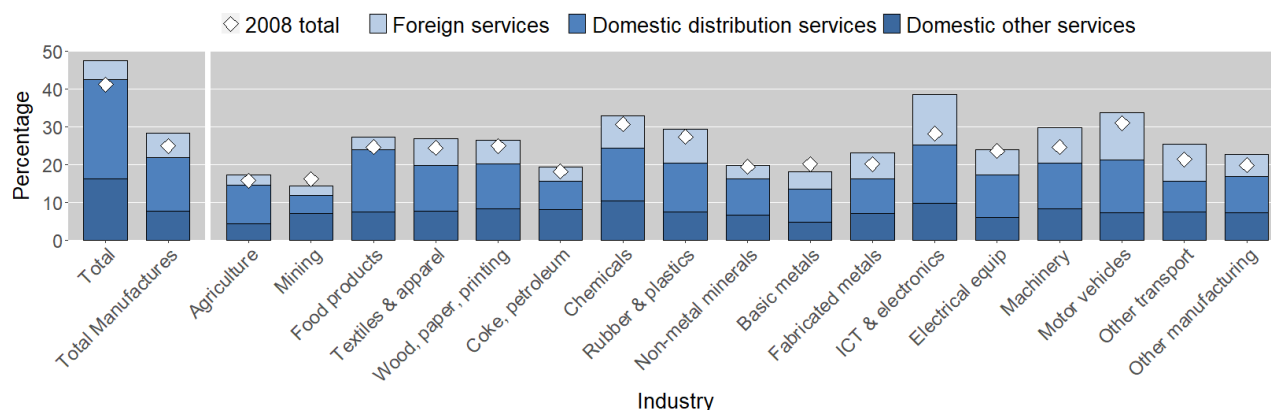
The trading partners with the highest shares of Argentina's value added in their exports of manufactures to Argentina (Figure 6, left) in 2018 were Chile (1.1%), Brazil (1%) and Colombia (0.3%).

The importance of services in international trade

Services are a significant contributor to Argentina's economy, accounting for 47.6% of Argentina's gross exports in 2018 (Figure 7) - below the OECD average of 55.7%. Foreign services contributed 5.1% to the value of total gross exports. For manufactures, services value-added content was 28.4% of gross exports, with the highest shares in ICT and electronics (38.5%), Motor vehicles (33.7%) and Chemicals and pharmaceuticals (33%).

Figure 7. Argentina - services content of gross exports

As a percent of gross exports by industry, 2018



Further information is available to supplement this country note:

- ▶ Access the data at: <http://oe.cd/tiva>
- ▶ Guide to TiVA 2021 Country Notes: www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf
- ▶ TiVA indicators are based on the 2021 version of ICIO tables: <http://oe.cd/icio>
- ▶ Related indicators of Trade in Employment <http://oe.cd/io-emp> and Trade in Embodied CO2 <http://oe.cd/io-co2>
- ▶ Trade policy implications of global value chains: <http://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

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