

# TRADE IN VALUE ADDED: POLAND

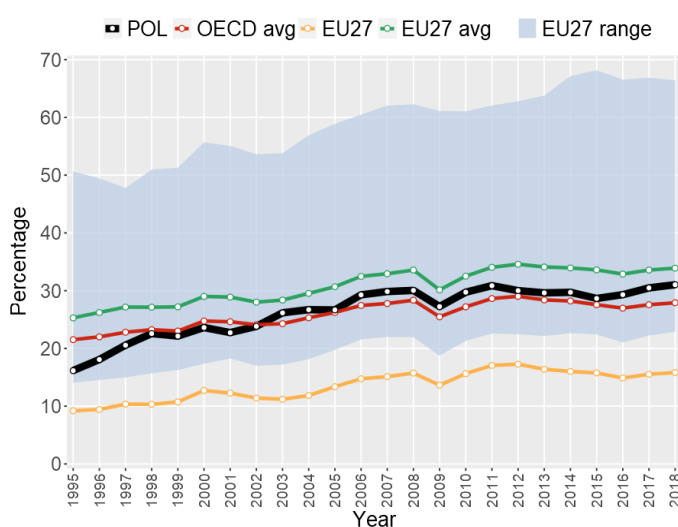
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Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade 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 Poland, with a view to informing policy making for a range of areas including trade, innovation and investment.

## Key findings

- ▶ The foreign content of Poland's exports has almost doubled since 1995 from 16.2%, which was among the lowest in EU member countries, to 31% in 2018. Since 2003, it has been consistently above the OECD average (Figure 1).
- ▶ Poland is becoming increasingly dependent on consumption abroad as domestic value added driven by foreign final demand increased from 21.4% in 2000 to 36.4% in 2018. Manufacturing goods are more dependent on foreign markets, as 60.8% of domestic value added was driven by foreign final demand, which was also the case for services such as *Wholesale and retail trade* and *Transport and storage* with shares of 45% and 56.6%, respectively (Figure 2). On the other hand, these services also account for 30% of total domestic value added in gross exports (Figure 3b).
- ▶ Germany is Poland's most significant trading partner in gross and value-added terms. TiVA indicators reveal that the US is the second major trading partner in value-added terms, even though the US would rank sixth as a trading partner considering only traditionally available gross exports data. Still, the data in value-added terms point out that most goods and services to the US are arriving through third countries (Figure 5).

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



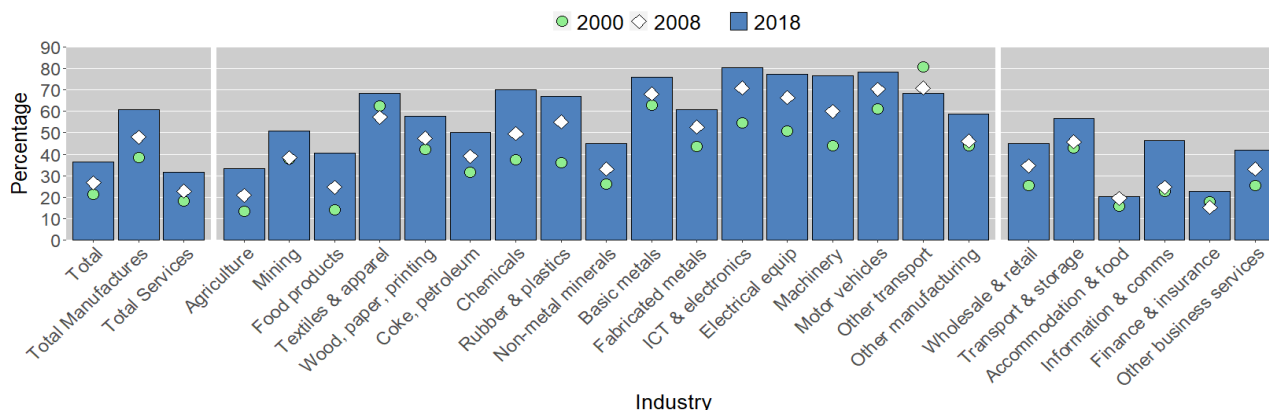
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of Poland's exports is estimated to have increased from 30% to 31% - above the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 1 percentage points higher.

## The role of foreign final demand in domestic production

Overall, in 2018, 36.4% of Poland's domestic value added was driven by foreign final demand, up from 26.7% in 2008. By industry, the shares ranged from ICT and electronics (80.5%) and Motor vehicles (78.4%) at the higher end to Accommodation and food services (20.2%) at the lower end.

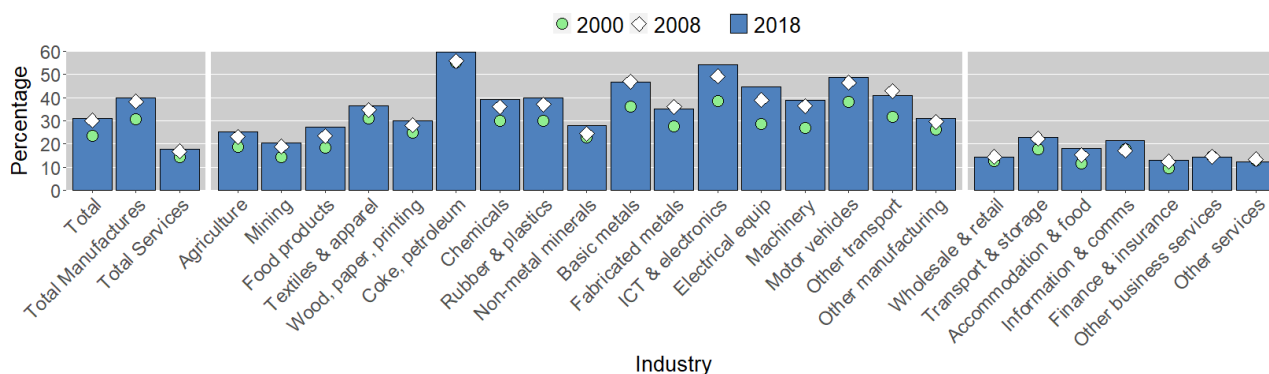
**Figure 2. Poland - domestic value added in foreign final demand**  
As a percent of value added, by industry, 2000, 2008 and 2018



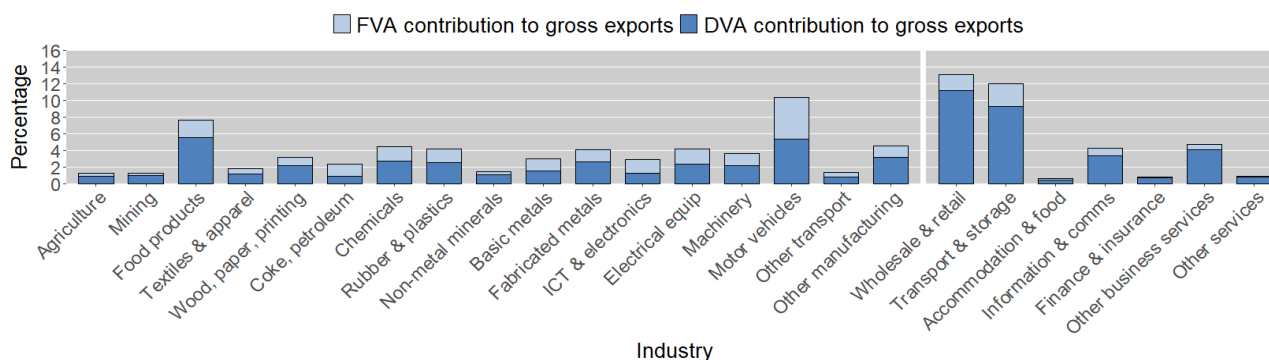
## The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were Coke and refined petroleum products (59.6%), ICT and electronics (54.4%) and Motor vehicles (48.8%). Wholesale and retail trade generated the greatest source of domestic value-added content of exports in 2018, accounting for 11.2% of gross exports (Figure 3b), followed by Transport and storage (9.2%) and Food and beverages (5.5%). The most foreign content in total exports came from Motor vehicles (5.1%).

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

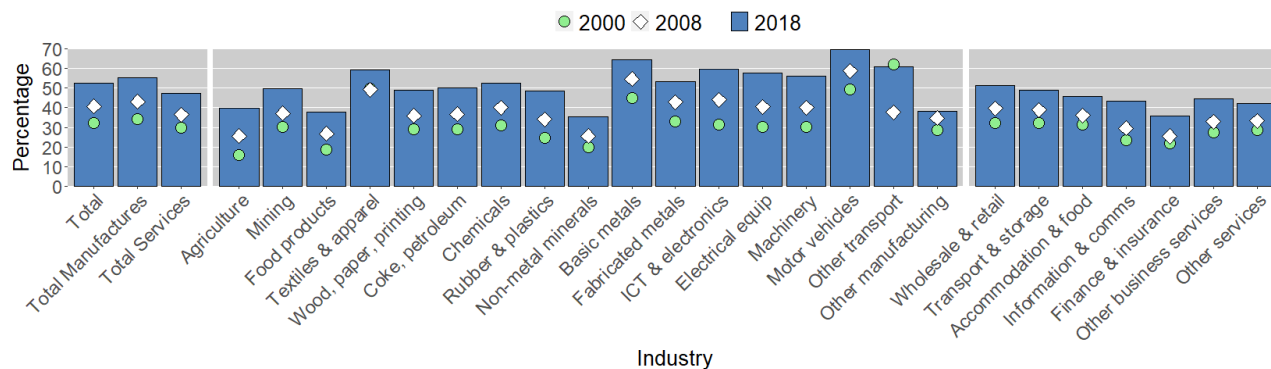


**Figure 3b. Poland - industry share of domestic and foreign value-added content of gross exports**  
As a percent of total gross exports, 2018



Of the total value of Poland's imports of intermediate goods and services in 2018, 52.3% was subsequently embodied in exports, above the OECD average of 47.9%, and significantly above the share in 2008 (40.6%). The originating industries with the highest shares of intermediate imports used in Poland's exports were Motor vehicles (69.5%), Basic metals (64.6%) and Other transport equipment (60.8%).

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

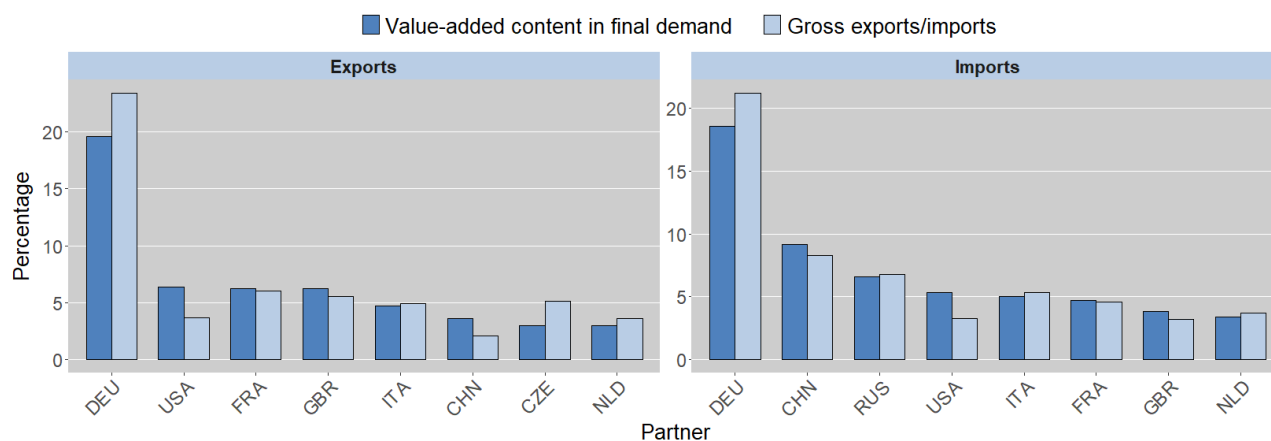


### Poland: international flows of goods and services, main players

In gross terms, Germany (23.4%), France (6%) and the UK (5.5%) were the three most important Polish export market destinations in 2018. The top three final destinations for Poland's value added were Germany (19.6%), the United States (6.4%) and France (6.3%).

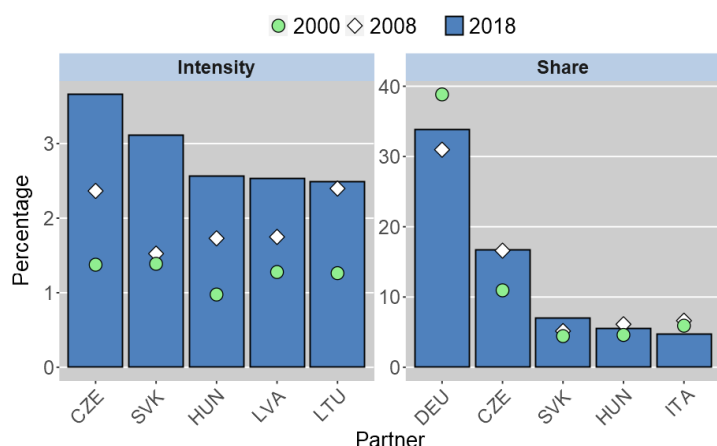
For imports in gross terms, Poland's top three partners in 2018 were Germany (21.2%), China (8.3%) and the Russian Federation (6.7%), while in value-added terms, the top three were Germany (18.6%), China (9.2%) and the Russian Federation (6.6%).

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



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

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



In 2018, the highest shares of Poland's domestic value added embodied in Poland's manufactured imports (Figure 6, right) came from Germany (33.8%), the Czech Republic (16.7%) and the Slovak Republic (7.1%).

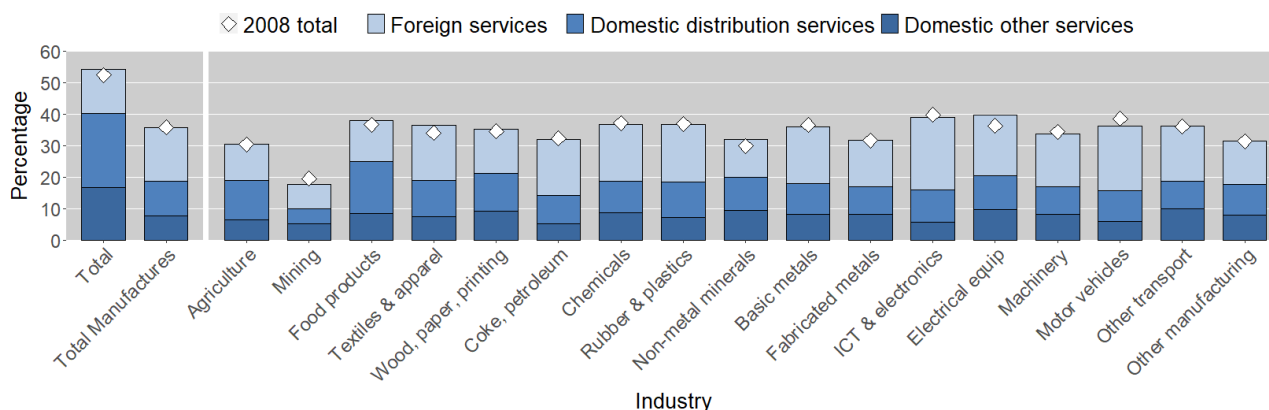
The trading partners with the highest shares of Poland's value added in their exports of manufactures to Poland (Figure 6, left) in 2018 were the Czech Republic (3.7%), the Slovak Republic (3.1%) and Hungary (2.6%).

## The importance of services in international trade

Services are a major contributor to Poland's economy, accounting for 54.4% of Poland's gross exports in 2018 (Figure 7) - close to the OECD average of 55.7%. Foreign services contributed 14.1% to the value of total gross exports. For manufactures, services value-added content was 35.8% of gross exports, with the highest shares in *Electrical equipment* (39.7%), *ICT and electronics* (39%) and *Food and beverages* (38.1%).

**Figure 7. Poland - 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](http://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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