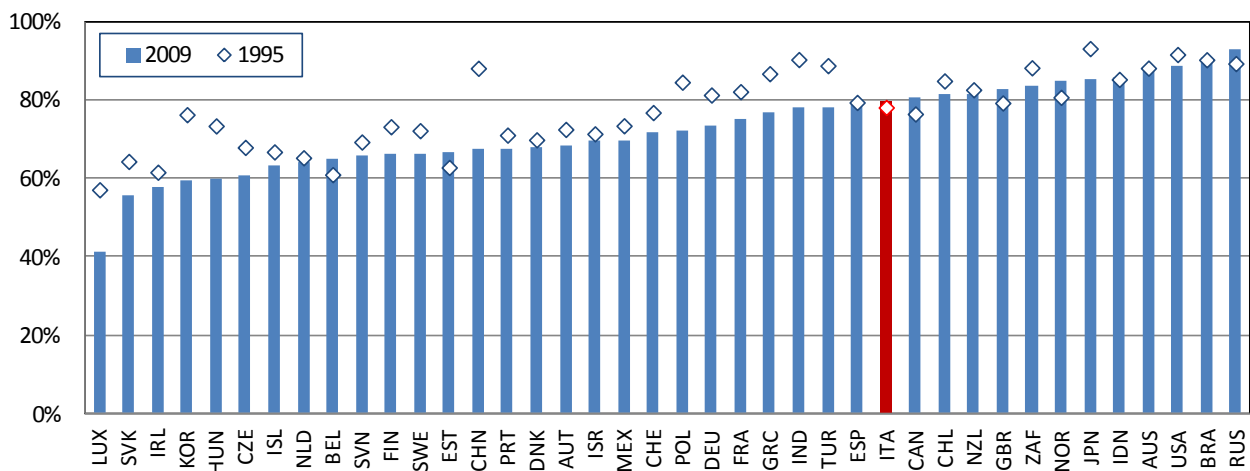


## OECD/WTO TRADE IN VALUE ADDED (TIVA) INDICATORS

### ITALY

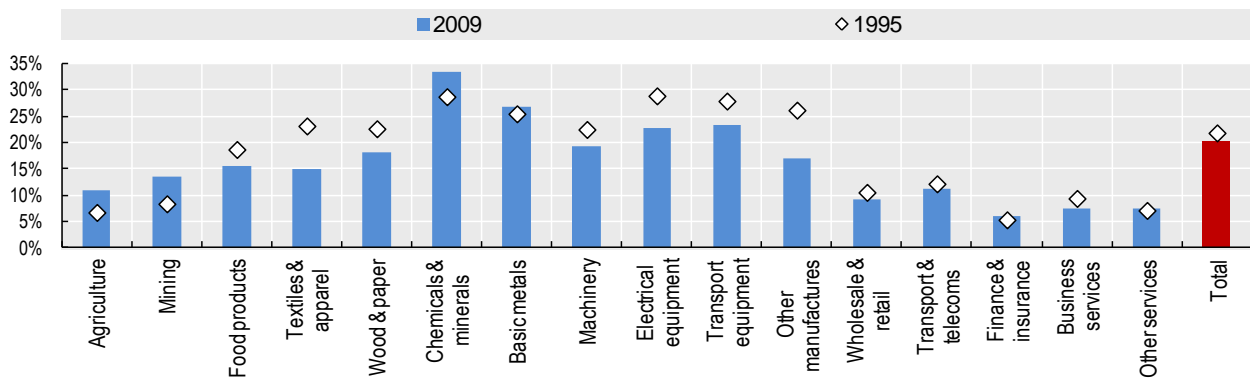
Italy's domestic value added content of its exports was 80% in 2009 about 5 percentage points (pp) above the OECD average and slightly higher than the share in 1995, making Italy somewhat of an outlier compared to most other countries whose domestic content fell over the period (Fig. 1). This may partly reflect the recent crisis, as Italy's foreign content of its exports increased by 5 pp between 1995 and 2005, but even this increase was relatively low in comparison to other countries, indicating potential barriers to integration into global value chains.

**Figure 1: Domestic value added content of gross exports, % (EXGRDVA\_EX)**



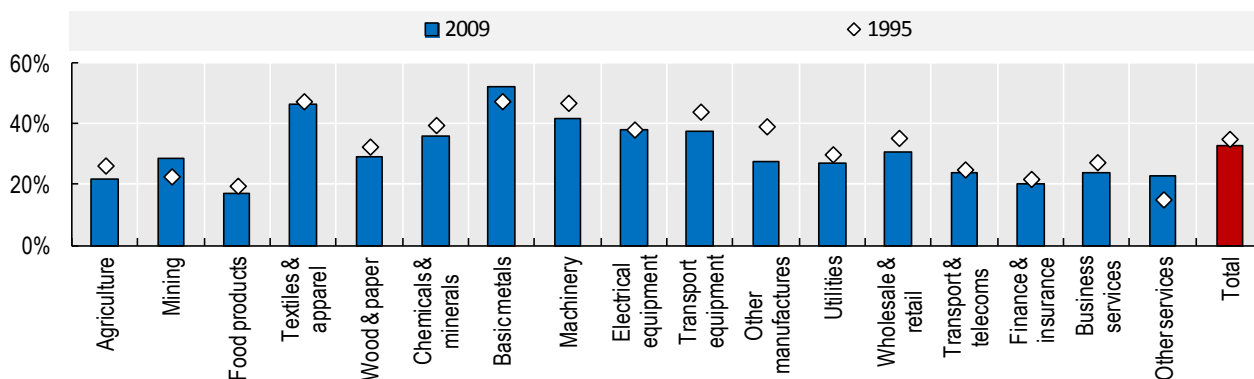
Looking at individual industries reveals the impact of the crisis on Italy's integration into global value chains more clearly. Unlike most other countries the foreign value added content of its exports fell throughout the manufacturing sector between 1995 and 2009, except for *Basic metals* and *Chemicals and minerals* where the shares were slightly higher, and remained comparable with other large European countries (Fig. 2).

**Figure 2: Foreign value added content of gross exports, by industry, % (EXGR\_FVASH)**



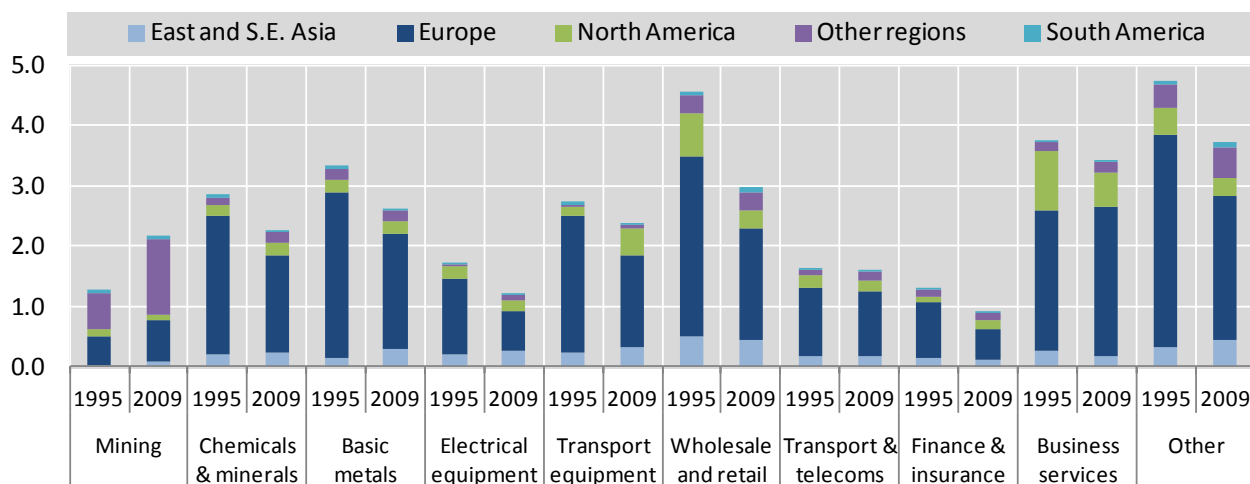
Interestingly, unlike the figures for the foreign content of exports (Fig. 2) shares of intermediate imports used to produce exports showed relatively little change over the period 1995-2009, suggesting that exports of goods produced by firms with a high degree of integration within global value chains were more affected by the crisis than firms with domestic supply chains. Only three products Basic metals, Mining and Other manufactures saw their shares rise over the period (Fig. 3).

**Figure 3: Share of imported intermediate inputs that are exported, by import category, % (REI)**



The contribution of other European economies to Italian *Transport equipment* exports declined 5 pp in 2009 relative to 1995, with the share provided by North America also declining by 1 pp (Fig. 4). East and S.E. Asia and other regions fared better however with their overall contribution rising by nearly 2 pp, although a significant part of this reflects mineral products, such as the value added embodied in crude oil, and so in large part, possible price effects.

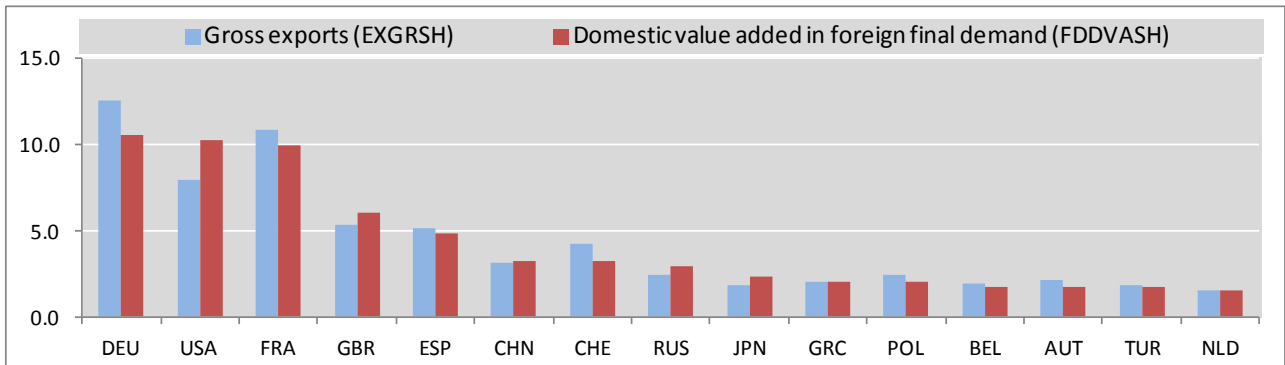
**Figure 4: Foreign value added in Transport equipment, by originating region and industry, %**



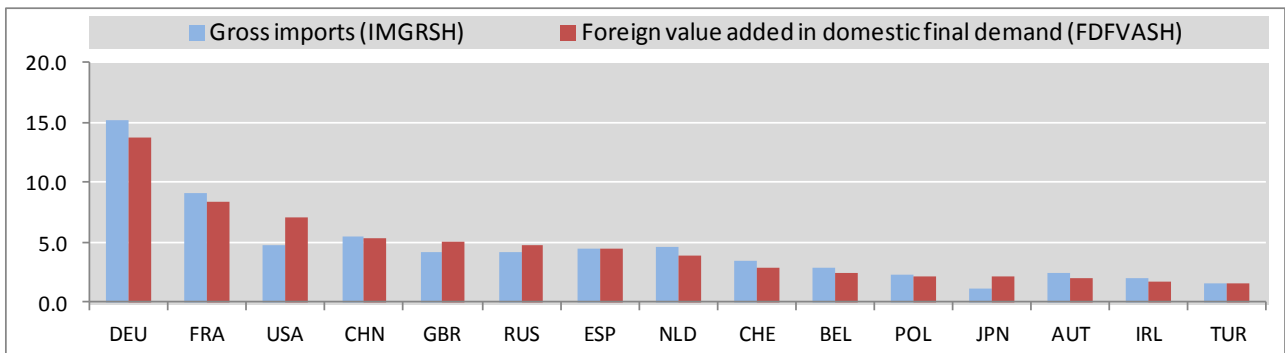
[Figure 4 illustrates how the TiVA infrastructure can be used to focus on the origins of foreign value added in the output of a particular sector in a particular country].

Germany remained Italy's main export market in 2009 both in value added (11%) and gross (13%) export terms (Fig. 5). But in value added terms the United States was almost as important an export market, reflecting Italian value added embodied in the exports of other, notably European, countries to the United States. Germany remained Italy's main source of imports in value added terms but with a slightly lower share compared to gross terms, partly reflecting German value added embodied in Italian exports. The share of imports from the United States was 2 pp higher in value added terms compared to gross measures.

**Figure 5a: Exports, partner shares, in gross and value added terms (as a % of total), 2009**

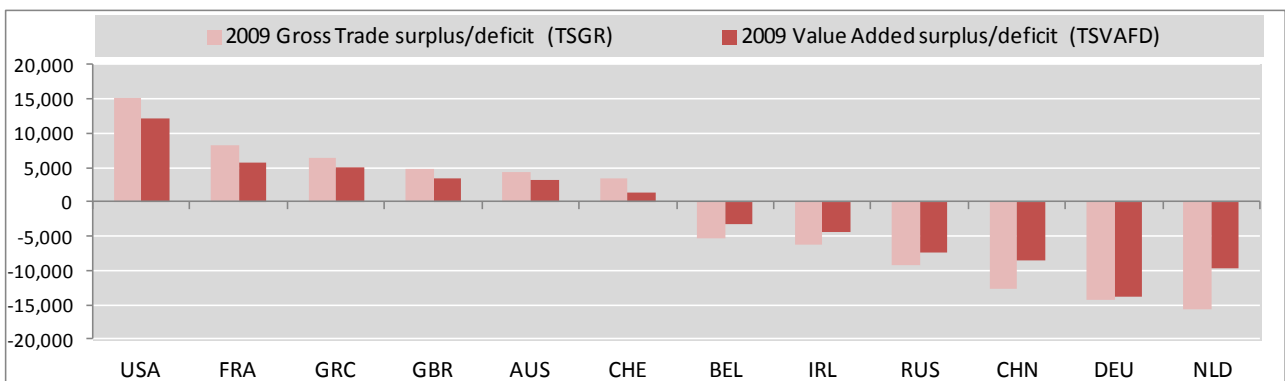


**Figure 5b: Imports, partner shares, in gross and value added terms (as a % of total), 2009**



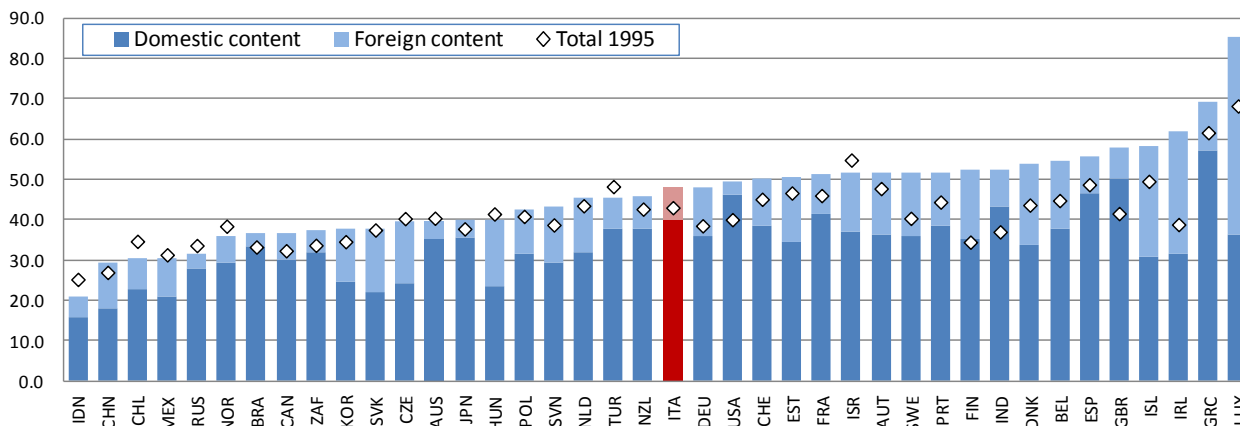
Total Italian exports and imports in value added terms were about one-fifth smaller than gross measures, although the overall trade balance is identical in value added and gross terms. These smaller flows are the main drivers for changes in bilateral trade balances, characterised as smaller bilateral surpluses and deficits with partners (Fig. 6).

**Figure 6: Bilateral trade balances, USD million, 2009**

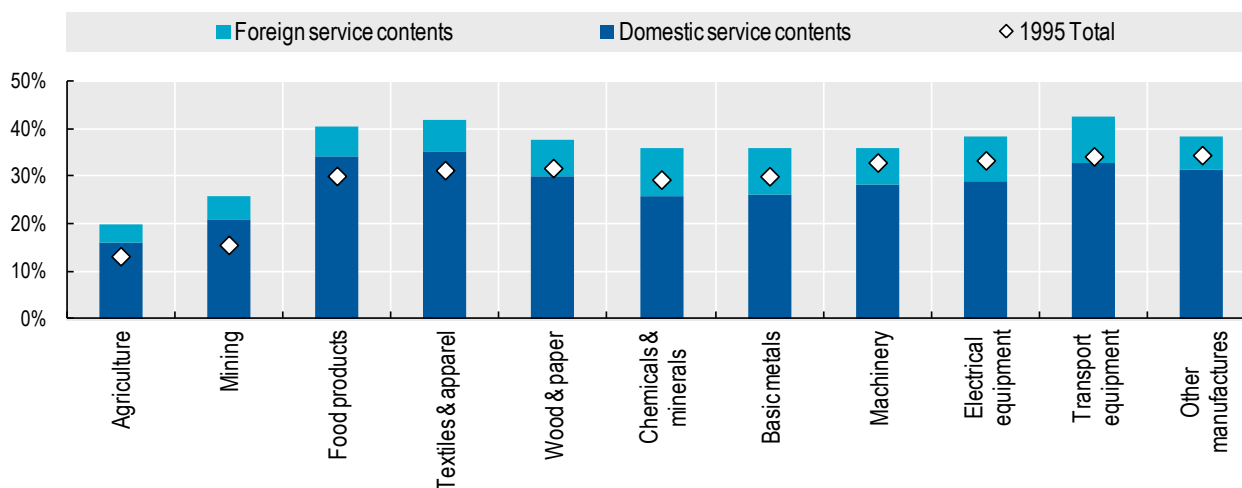


In value added terms nearly half of Italy's exports in 2009 reflected services, the same as the OECD average (48%) and 5 pp higher than the share in 1995 (Fig. 7). The contribution of services rose in all industries, particularly in the *Textiles and apparel* and *Transport equipment* sectors, where the services content increased by around 10 pp between 1995 and 2009 (Fig. 8). Over 40% of the total value of exports in these sectors reflects services content.

**Figure 7: Services content of gross exports, 2009** (EXGR\*\_SV; SERV\_VAGR)



**Figure 8: Services content of gross exports, by industry, 2009** (EXGR\*\_SV; SERV\_VAGR)



The information included in this note is based on the May 2013 release of the Trade in Value added (TiVA) database. The data can be accessed from [www.oecd.org/trade/valueadded](http://www.oecd.org/trade/valueadded). For further information, please contact us ([tiva.contact@oecd.org](mailto:tiva.contact@oecd.org)).