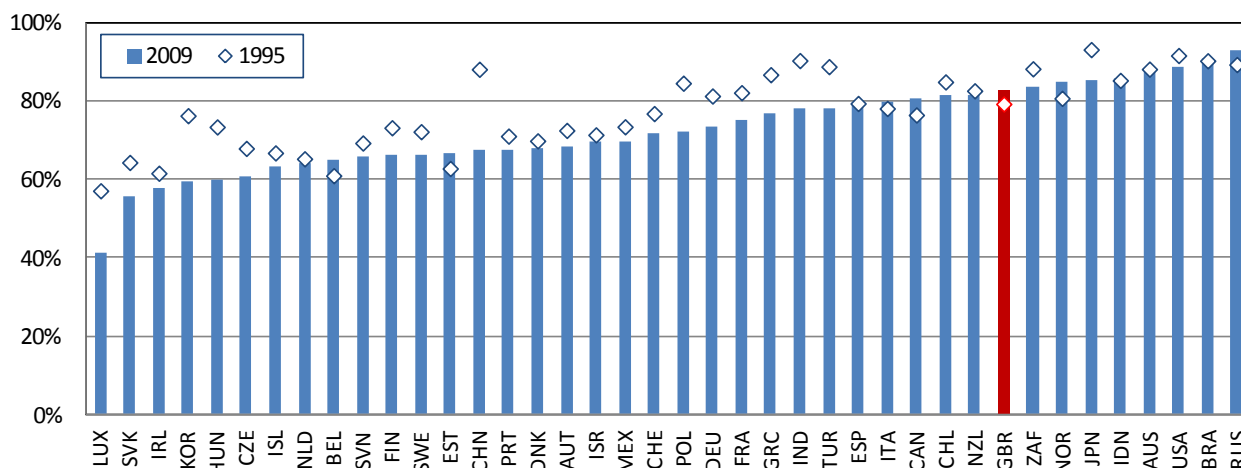


OECD/WTO TRADE IN VALUE ADDED (TIVA) INDICATORS

UNITED KINGDOM

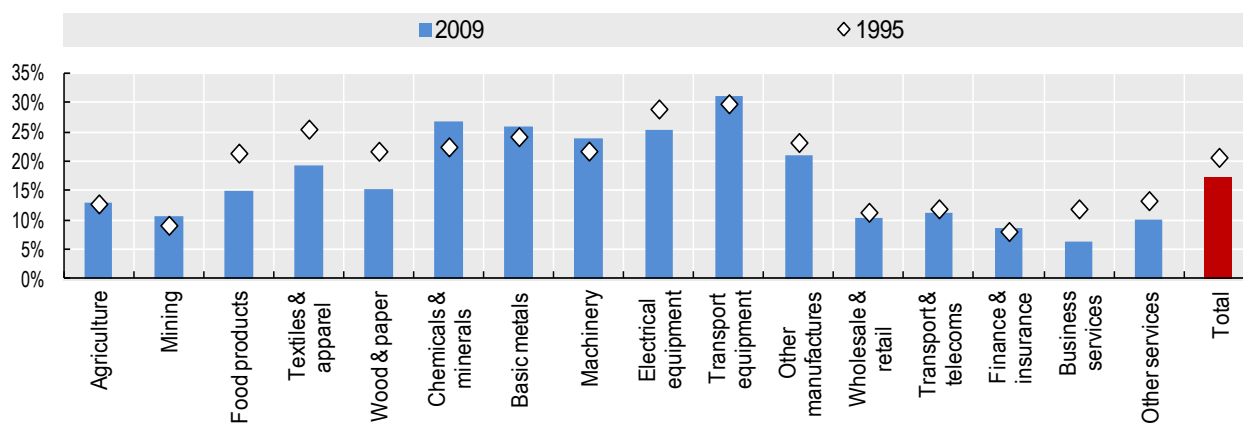
The United Kingdom's domestic value added content of its exports in 2009 was, at 83%, relatively high compared to other OECD countries and higher than the equivalent figure in 1995 (79%), reflecting the increasing specialisation of UK exports in services (Fig. 1).

Figure 1: Domestic value added content of gross exports, % (EXGRDVA_EX)



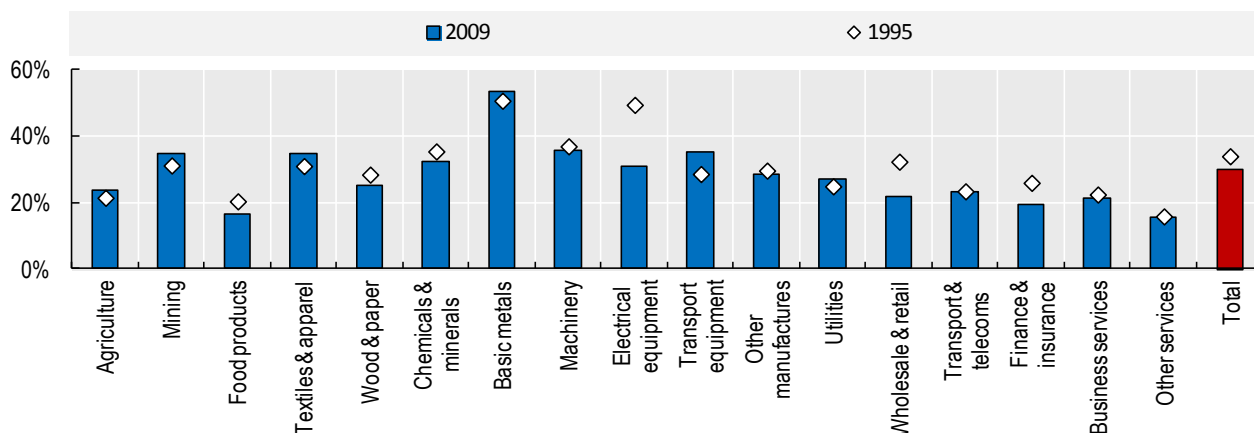
For goods, the foreign content of the United Kingdom's exports was highest in the *Transport Equipment* industry (31%) closely followed by the *Chemicals and minerals*, *Basic metals*, *Machinery* and *Electrical equipment* industries, where around 25% of the value of exports consists of foreign value added (Fig. 2). The foreign content in *Food products*, *Textiles and apparel*, *Wood and paper* and *Business services* fell significantly however between 1995 and 2009, possibly reflecting the declining importance of these industries to UK exports.

Figure 2: Foreign value added content of gross exports, by industry, % (EXGR_FVASH)



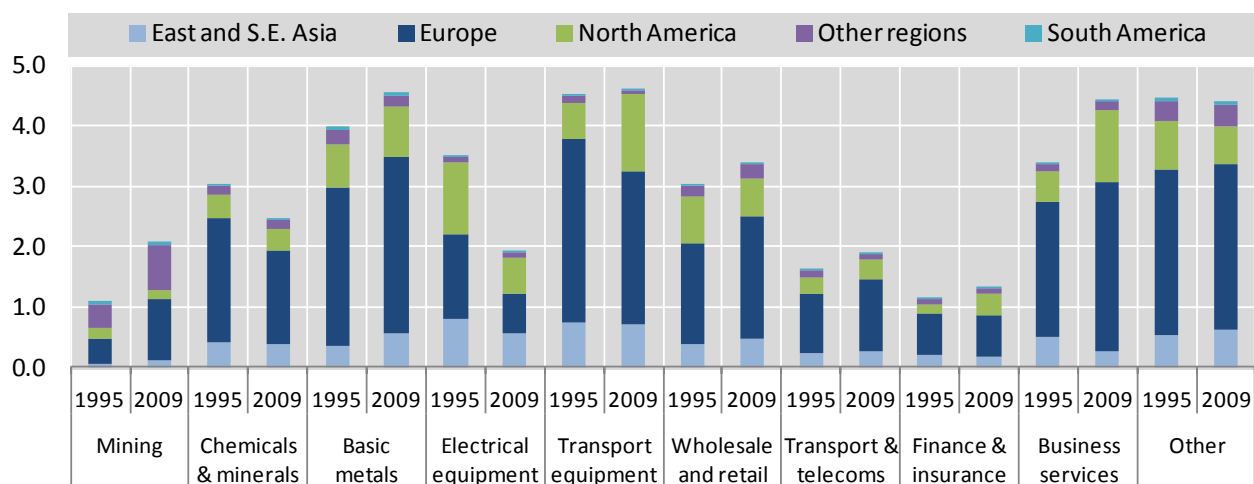
The share of intermediate imports used to produce exports was highest in Basic metals products (53%); while around 35% of imported intermediate Mining, Machinery, Transport equipment and Textiles and apparel products were subsequently being exported (Fig. 3). Shares fell between 1995 and 2009 for quite a few import categories, notably Electrical equipment, mirroring the significant fall in the industry's share of overall value added exports (7% in 2009 compared to 14% in 1995).

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



Nearly one-fifth of the total value of UK exports of *Transport equipment* originated in other European countries, about the same as in 1995 (Fig. 4). However, other European transport equipment manufacturers contributed less in 2009 (2.5%) than in 1995 (3.0%) while the shares provided by North American transport equipment manufacturers rose nearly 1 percentage point (pp). The foreign content of UK *Transport equipment* provided by business services increased notably too, again driven by an increase in North American input.

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].

The UK-US bilateral trade relationship is stronger in value added terms than in gross terms (Fig. 5). There is more UK value added exported to the US and the US is the UK's main source of value added imports. Meanwhile, the importance of nearby trading partners such as Ireland and Netherlands is reduced.

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

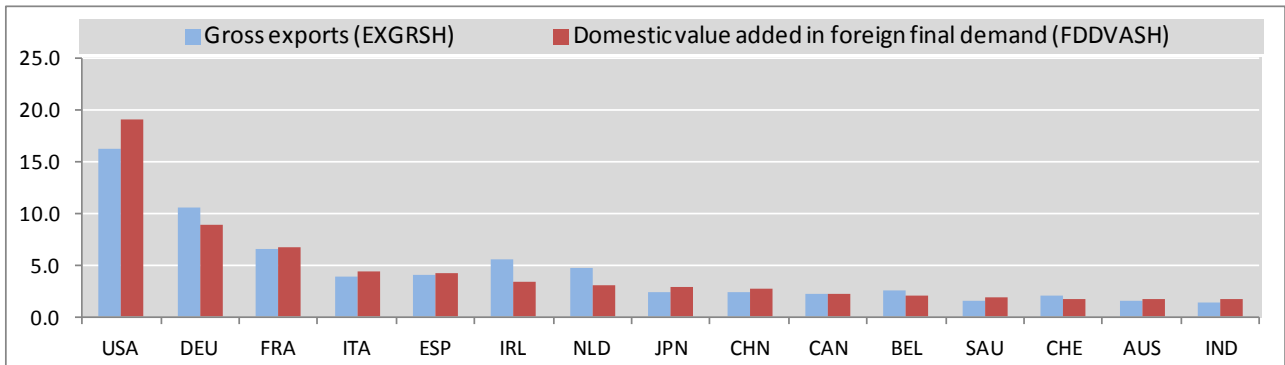
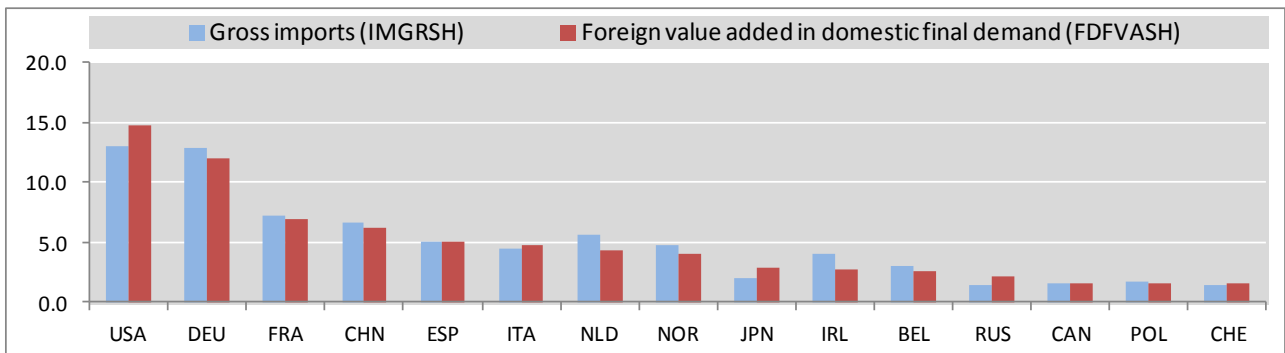
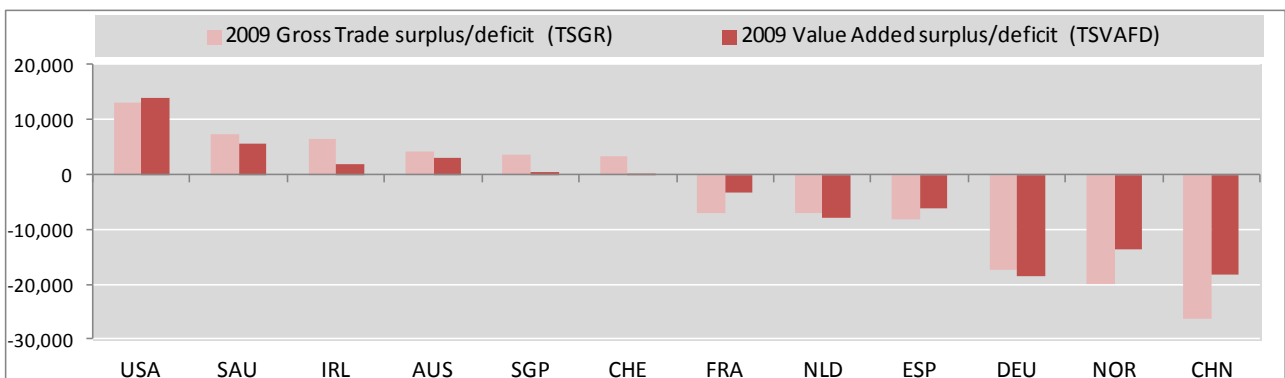


Figure 5b: Imports, partner shares, in gross and value added terms (as a % of total), 2009



The domestic value added embodied in exports and intermediate imports embodied in exports, combine to reveal notable differences in United Kingdom's trade balance positions with some of its major trading partners (as recorded in the OECD-WTO TiVA database). In value added terms an increased surplus with the United States is apparent for 2009 (Fig. 6). Surpluses with Ireland and Switzerland are smaller however, partly reflecting the presence of UK output (notably services) in the exports of these countries to third countries and Irish and Swiss output in UK exports. The UK bilateral trade deficit is smaller with France, Spain, Norway and China in value added terms than in gross terms, partly reflecting the lower domestic value added content of these countries' exports relative to the UK.

Figure 6: Bilateral trade balances, USD million, 2009



In value added terms about 58% of the United Kingdom's exports reflected services in 2009. This is higher than the OECD average (48%) driven in large part by the relatively high dependency of the UK on exports of services products in gross terms (Fig. 7), and was 16 pp higher than in 1995. The service content of manufactured goods was comparable to other large European economies, at about 30% in 2009 (Fig. 8).

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

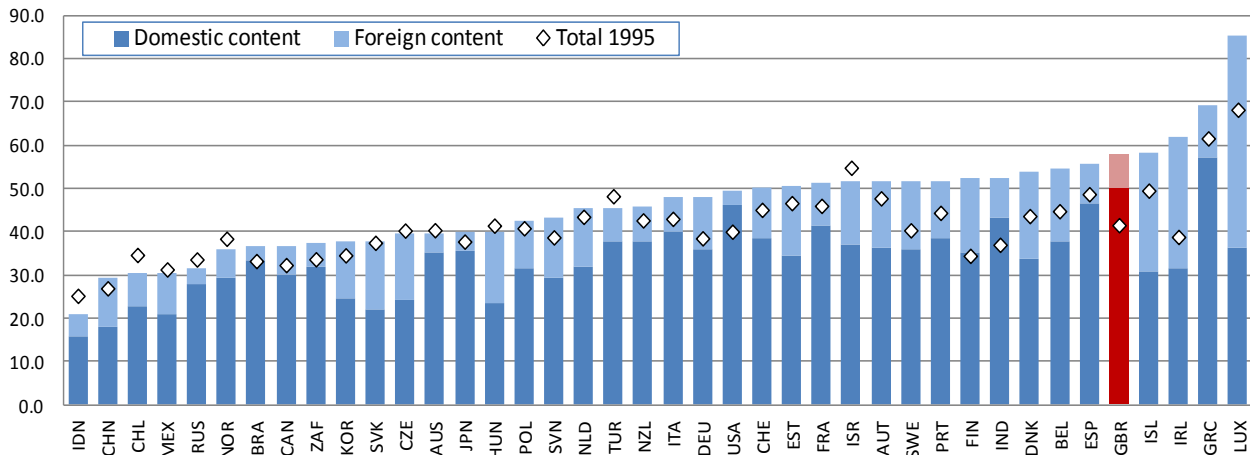
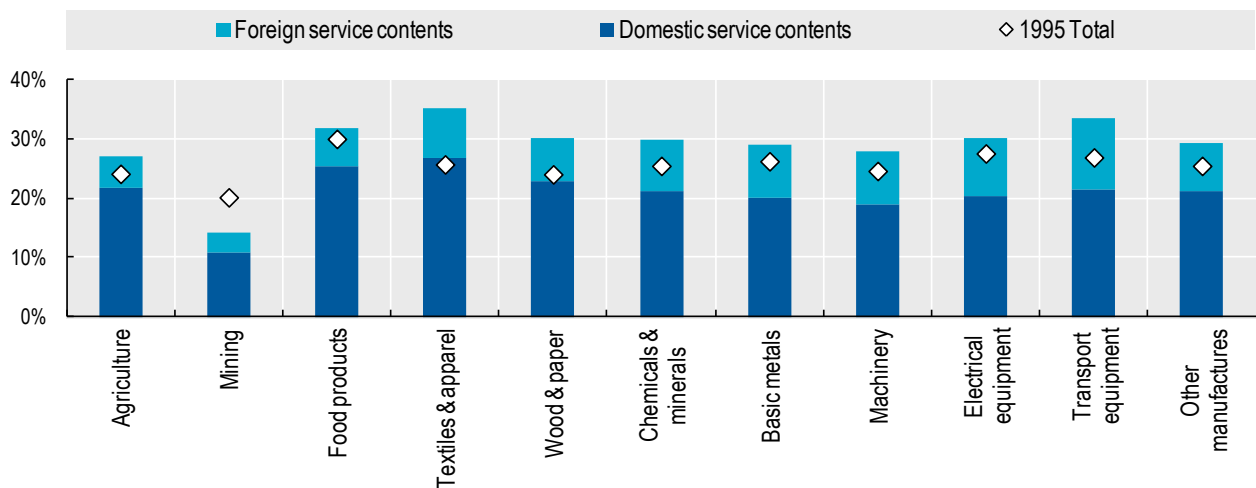


Figure 8: Services content of gross exports, by industry, 2009 (EXGR*_SV; SERV_VAGR)



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. For further information, please contact us (tiva.contact@oecd.org).