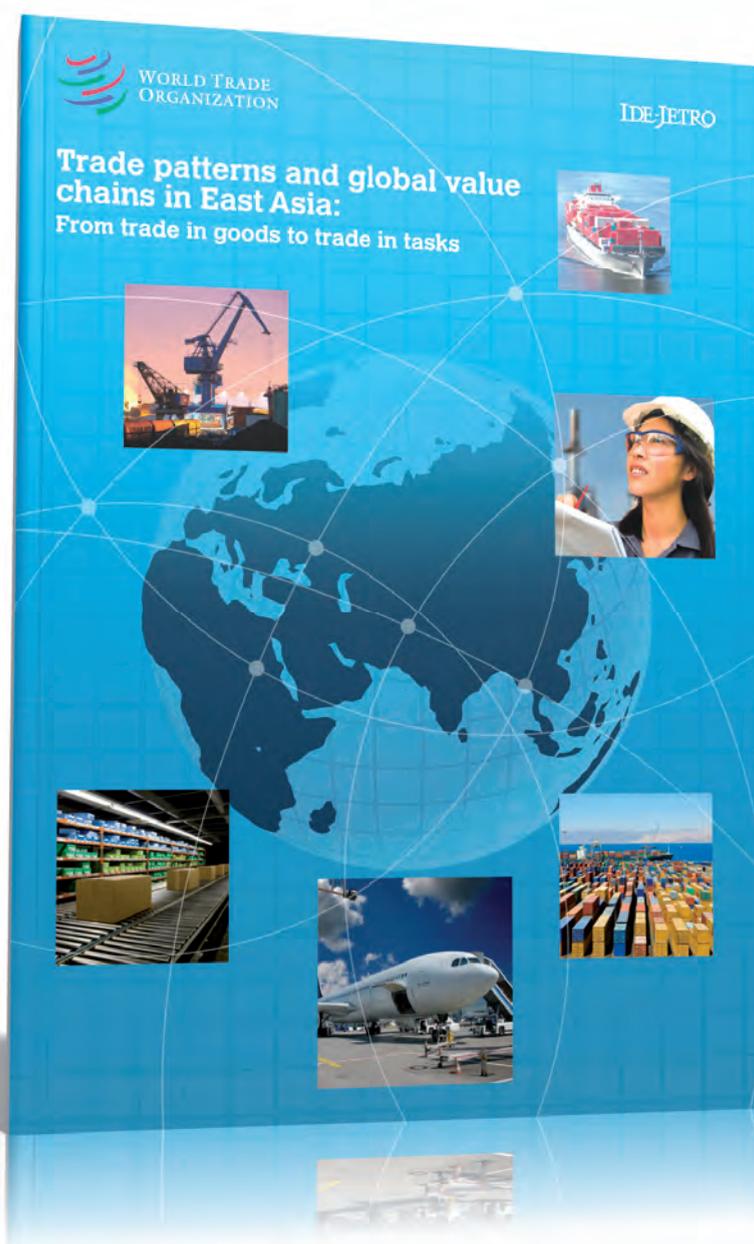


TRADE PATTERNS AND GLOBAL VALUE CHAINS IN EAST ASIA:

From trade in goods to trade in tasks

A new co-publication by the World Trade Organization (WTO) and the Institute of Developing Economies – Japan External Trade Organization (IDE-JETRO)



About this publication

The increasing internationalization of supply chains is challenging our interpretation of conventional trade statistics, as traditional concepts like country of origin, or the distinction between goods and services, become blurred.

This publication, jointly produced by the WTO and IDE-JETRO, focuses on the factors that have helped to shape global production. Starting with demand, it describes how a changing economic environment has contributed to the phenomenon of global production. Infrastructure services, tariffs, foreign direct investment, cheaper technology and lower transportation costs have all affected the trading environment and the international exchange of goods, fostering increased market access, amplifying cross-border links between companies and causing trade in intermediate goods to increase. This publication considers the effect of these factors on international production networks, with a particular focus on "Factory Asia". It also shows how the development and evolution of these production networks has promoted economic growth and employment in Asia.

A new statistical measurement – trade in value added – is proposed to complement conventional trade statistics for a deeper and more comprehensive analysis of trade patterns. This methodology offers a new perspective for trade analysts, as it dramatically re-evaluates the importance of some economies as "countries of origin".

'The distinction between "them" and "us" that has traditionally defined our way of thinking about imports and exports is increasingly outmoded. Products are no longer "made in Japan", or "made in France"; they are truly "made in the world".'

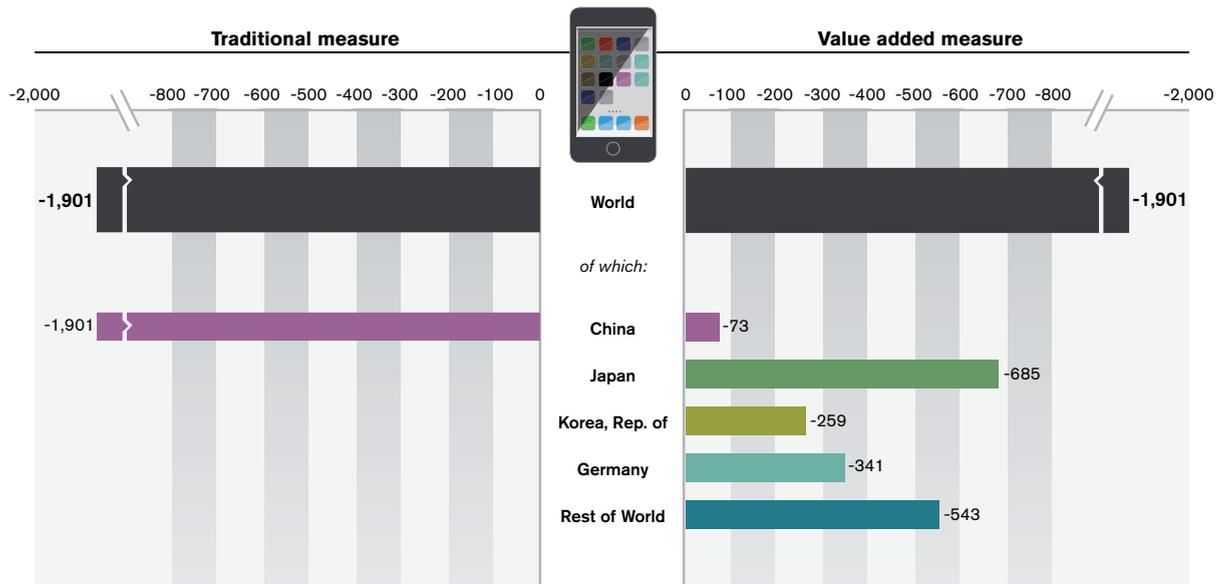


Pascal Lamy, WTO Director-General, and Takashi Shiraishi, IDE-JETRO President

Key findings

- The emergence of "Factory Asia" reflects changing demands for more product variety from international consumer markets.
- Structural diversity and a high degree of complementarity are characteristic features of production systems in Asia.
- Global production relies mainly on the outsourcing and offshoring strategies of multinational companies.
- Value chains and global manufacturing create growth opportunities with important spillovers within national territories and across regions.
- Trade in intermediate goods and services encourages the specialization of firms within and across different economies, leading to a "trade in tasks", where each partner along the production chain specializes in specific operations and skills according to its comparative advantage.
- Nowadays, products are more "Made in the world" than "Made in" a specific country.
- Trade in value added takes into account the geographical fragmentation of the production and decomposes exports by domestic and foreign content. This offers a complementary perspective for trade analysts.

2009 US trade balance in iPhones (in millions of US\$)





This publication is part of the WTO "Made in the World" initiative (MIWI), which aims to support the exchange of projects, experiences and practical approaches in measuring and analysing trade in value added.

www.wto.org/miwi



Launch event sponsored by the International Chamber of Commerce

Further information

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