

IV. Trade in global value chains

Today, companies divide their operations across the world, from the design of the product and manufacturing of components to assembly and marketing, creating international production network or global value chains. Attributing the full commercial value to the last country of origin can lead to distorted statistics. Measuring trade in value-added terms seeks to address this distortion.

Key developments in 2012: a snapshot 182

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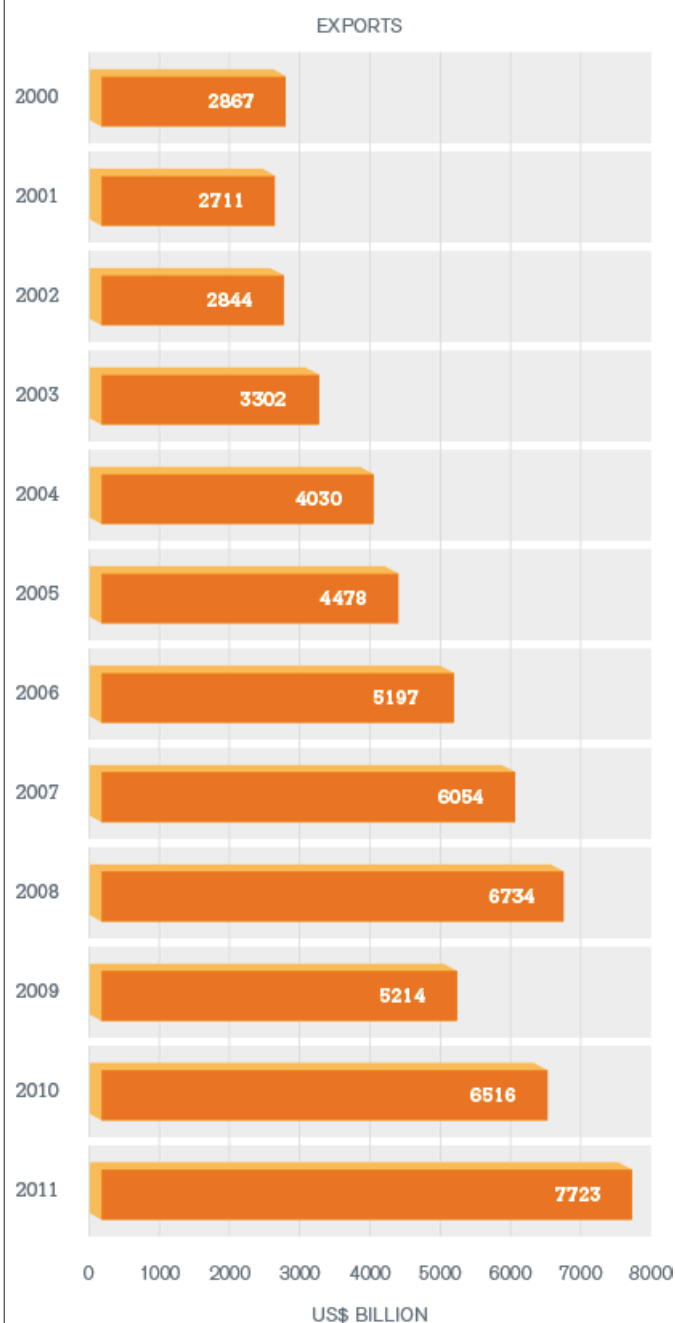


Where to find more online:

you can access and download the Excel files for the tables via www.wto.org/statistics

Share of intermediate goods in non-fuel exports remains stable

World non-fuel exports of intermediate goods, 2000–2011



Where to find more:
Table IV.1

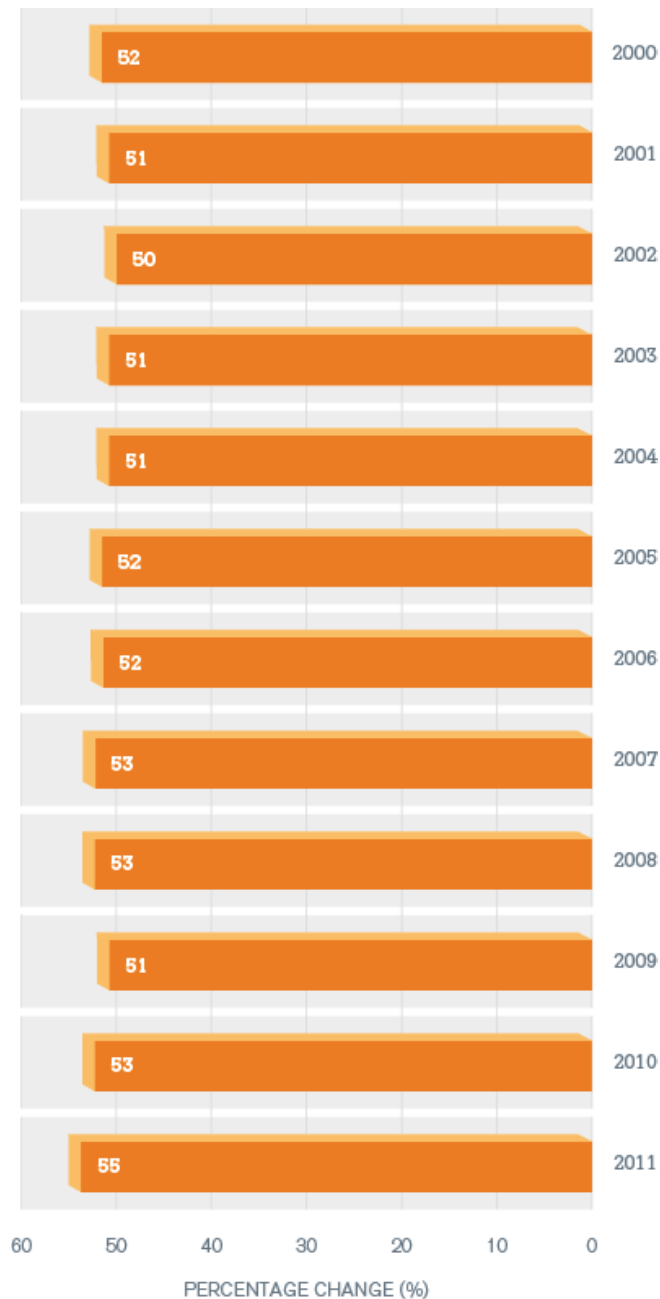
7,723

Value (in US\$ billion) of world non-fuel exports of intermediate goods in 2011



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Share of intermediate goods in world non-fuel exports (%)



55% Share of intermediate goods in world non-fuel exports in 2011

- The share of intermediate goods in world non-fuel exports has hovered around the 50 per cent mark since 2000, dropping during the 2009 crisis and reaching its highest point (55 per cent) in 2011.
- The European Union was the biggest exporter of intermediate goods (36 per cent of all intermediate goods) in 2011. One-third of these goods were exported outside the European Union, two-thirds within the EU. China and the United States were the second and third largest exporters of intermediate goods respectively, with a share in world trade of 10.0 per cent and 9.8 per cent.
- The six largest exporters of intermediate goods - the European Union, China, the United States, Japan, the Republic of Korea and Hong Kong, China - represent nearly two-thirds of world trade in intermediate goods.

A quarter of the content of world exports is foreign-sourced

- On average, almost three-quarters (74 per cent) of the value of world exports is domestically produced value added (2008 figures). Value added consumed by the first importing country represents 42 per cent of this amount while value-added inputs exported to third countries (and thus transiting through the first importer) represent almost the remaining 32 per cent. The third component of the domestic value-added content of exports, corresponding to the value that is sent back to the original exporter, is negligible at an aggregated level (0.5 per cent). This is identical for the three country groups displayed on this page. The foreign value-added content of gross exports is 26 per cent.
- The composition of the European Union's exports is similar to the value-added trade structure of world exports. Domestically produced value added consumed by the importer is 39 per cent, just below the world average, while the EU's value-added content sent to third countries amounts to 30.4 per cent, around one percentage point below the world average.
- For "other countries", value-added exported to the first importing country is 60 per cent while value-added exported to third countries is below the world average (27 per cent compared with 32 per cent).

Domestic and foreign value-added content of exports, 2008 (% of gross exports)

26%
Foreign value added in world exports

Note: Value added is defined as the value that is added by industries to produce goods and services. The foreign value-added content of exports corresponds to the value added of inputs that were imported in order to produce intermediate or final goods/services to be exported. For further information, see "Composition, definitions and methodology".

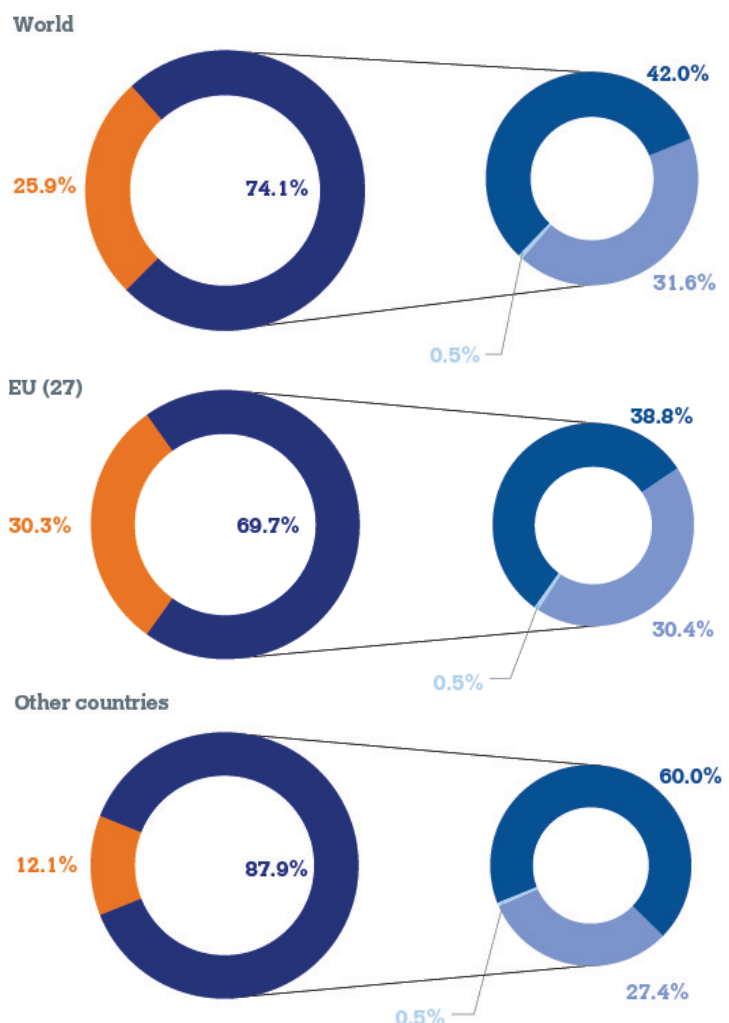
- Foreign value-added content
- Domestic value-added content
- Domestic value-added content (directly consumed by importer)
- Domestic value-added content (sent to 3rd country)
- Domestic value-added content (re-imported)



Where to find more:
www.wto.org/its2013: Table A1



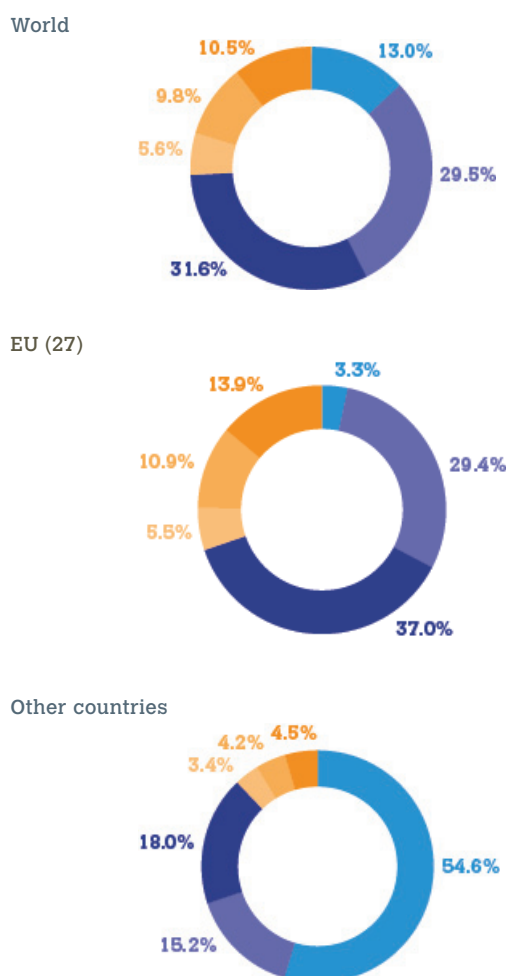
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Trade in services is growing in importance

- The share of services in world trade is much higher when measured in value-added terms than when measured in gross terms. Taking domestic and foreign-produced value-added content together, the share of services in world trade amounts to 42 per cent as opposed to around 20 per cent when measured in gross terms (by balance of payments). This difference is due to the fact that many services needed for manufacturing processes are included in the sales price of goods and hence in the international transaction of goods. For the European Union, the share of services amounts to 51 per cent.
- The share of value-added content sourced from primary products (of domestic and foreign origin) is extremely high for non-EU countries (58 per cent). This reflects to some extent EU competitiveness in producing value-added content in the manufacturing and services sectors.
- The European Union imports higher than average value-added inputs from the manufacturing and services sectors, demonstrating that its level of integration in global value chains is greater than for non-EU countries.

Domestic and foreign value-added content of gross exports, by sector, 2008 (% of gross exports)



42%

Share of services in world trade measured in value-added terms

- Foreign services
- Foreign manufactured goods
- Foreign primary products
- Domestic services
- Domestic manufactured goods
- Domestic primary products

Where to find more:
Table II.1

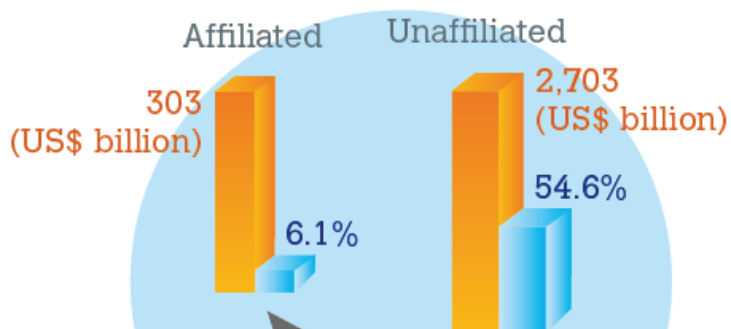
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Foreign affiliates play a significant role in global value chains

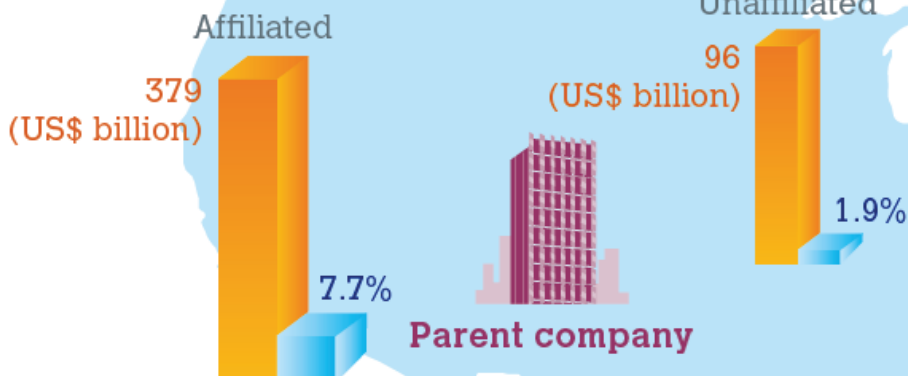
US foreign affiliates' supplies in goods and services within global value chains, 2010

(values in US\$ billion and shares in foreign affiliates' total supply)

Foreign countries where US foreign affiliates are located



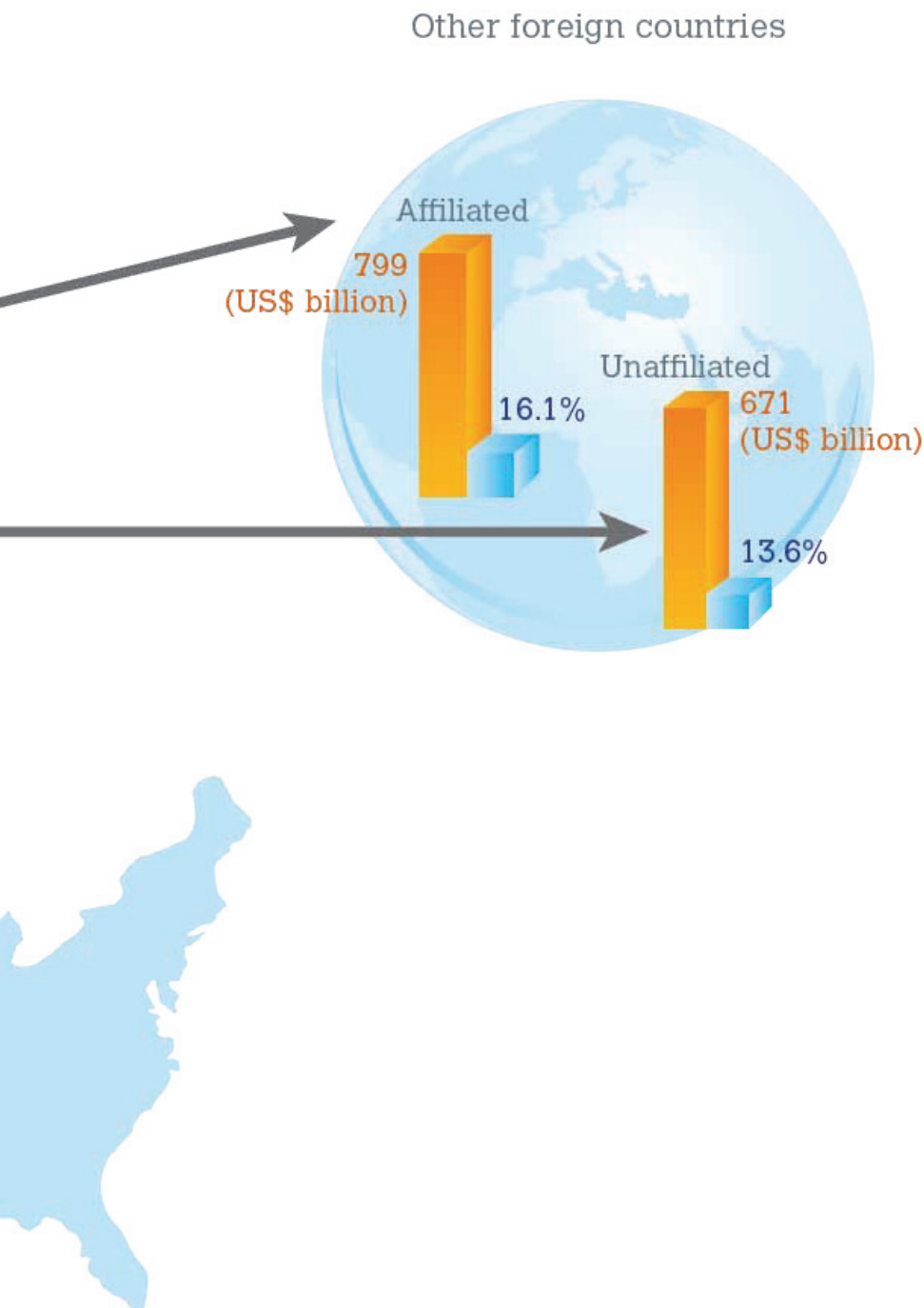
Foreign affiliate



Parent company

United States (parent company location)

- In 2010, one-third of the supplies of US foreign affiliates were traded with their parent multinational company or other affiliates (intra-firm exchanges).
- A total of 55 per cent of the goods and services supply of US affiliates abroad in 2010 was directed to unaffiliated companies located in the same country as the affiliate.



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Supplies of US foreign affiliates traded within their multinationals