



Understanding international trade statistics

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International trade statistics and trade policy information provide the facts that firms and policy makers need to take decisions. Equally, they provide the information that analysts and academics need to provide advice to decision makers. Consequently, the accuracy and timeliness of these statistics are extremely important. At a time when globalization is leading to rapid changes in the economic and social environment, the quality of these statistics is more important than ever.

“World trade needs multifaceted tools for measurement and analysis.”

“Do we have the right numbers?” was the title of an event - the Global Forum on Trade Statistics - organized by the WTO back in February 2011, in collaboration with the UN Statistics Division and Eurostat. This question was posed against the backdrop of the ever-increasing international fragmentation of production chains in which the specialization in tasks (or business functions) often spans several countries. The event highlighted that comparative advantage nowadays lies in specialized tasks which create new opportunities for small and medium-sized economies in particular. However, this new way of trading makes it more complex to attribute the value added by countries participating in global supply chains. This is further complicated by ownership considerations, trade within firms and intellectual property issues.

Expanding data availability

In response to this new way of trading, the WTO formally launched the Made in the World Initiative (MIWI) in 2012. The objective was to create a means of exchanging information on projects, experiences and practical approaches in measuring and analysing trade in value-added terms.

Building on co-operation with many other international bodies, the OECD and the WTO worked together in combining trade statistics in goods and services with input-output analysis to produce a joint database on trade in value-added terms. The first results of this joint initiative were released in January 2013 and refined in an update of the database in May 2013. These statistics will be further refined as and when greater detail in national official statistics becomes available.



As a result of the increase in data availability in value-added trade, this year's *International Trade Statistics* includes a new chapter on trade in global value chains, offering new perspectives on world trade and economic growth. The new data highlight, for example, that trade in intermediate goods is just as concentrated among large players as overall trade. The ten largest merchandise traders constitute nearly 60 per cent of world trade and about half of world trade in intermediate goods. Many of these global value or production chains are organized by a multinational enterprise. For US multinationals, one-third of their exchanges take place within the multinational.

The new insights provided by data in value-added terms change the way we look at international trade. On average, about 25 per cent of the value of national exports includes foreign content in the form of imported inputs used to produce these exports. Remarkably, the share of services in world trade in value-added terms is more than double the share calculated in traditional balance-of-payments terms.

The new data in this publication reveal the leading exporters and importers of intermediate goods, an important indicator of increased fragmentation in production chains. Also provided, for the first time, are data on gross trade flows broken down into their value-added components. This sheds light on how countries add value as goods are transferred across borders in production chains. The new chapter also highlights the sectoral contributions of the value added to exports, demonstrating the interdependency of domestic and foreign sectors. Finally, the new chapter provides information outlining the level of exchanges within their multinational parent company carried out by US-owned affiliates. Details on the methodology used for this new chapter can be found in the chapter entitled "Compositions, Definitions and Methodology".



Where to find more:
Composition, Definitions
and Methodology



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