



# Trade in Tasks and Global Value Chains *Stylized Facts and Implications*

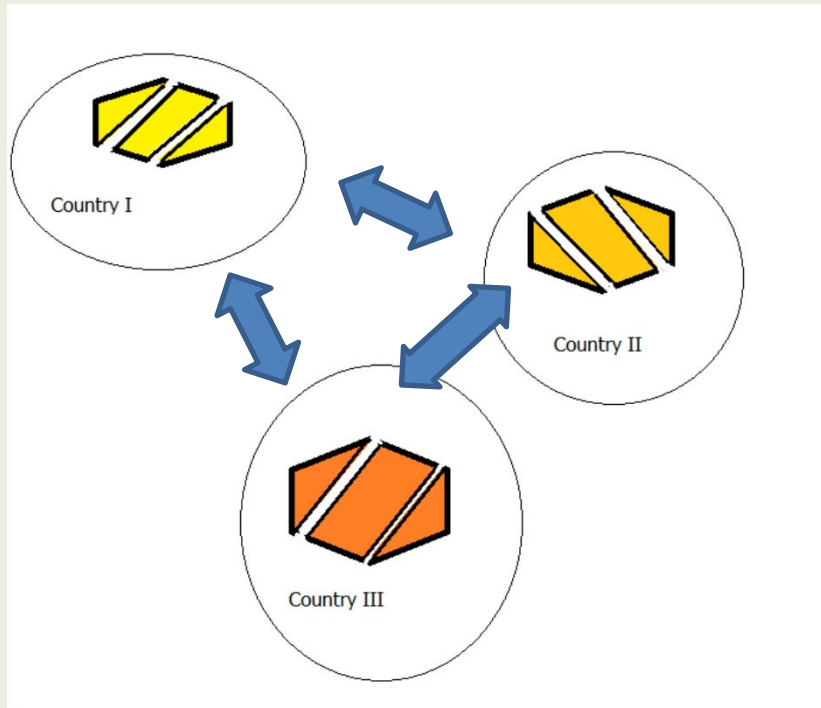
Hubert Escaith, WTO  
WTO Trade Data Day,  
16 January 2013

# The nature of 21st century trade has changed

## *From trade in final goods to trade in tasks*

### *Trade in Final Goods*

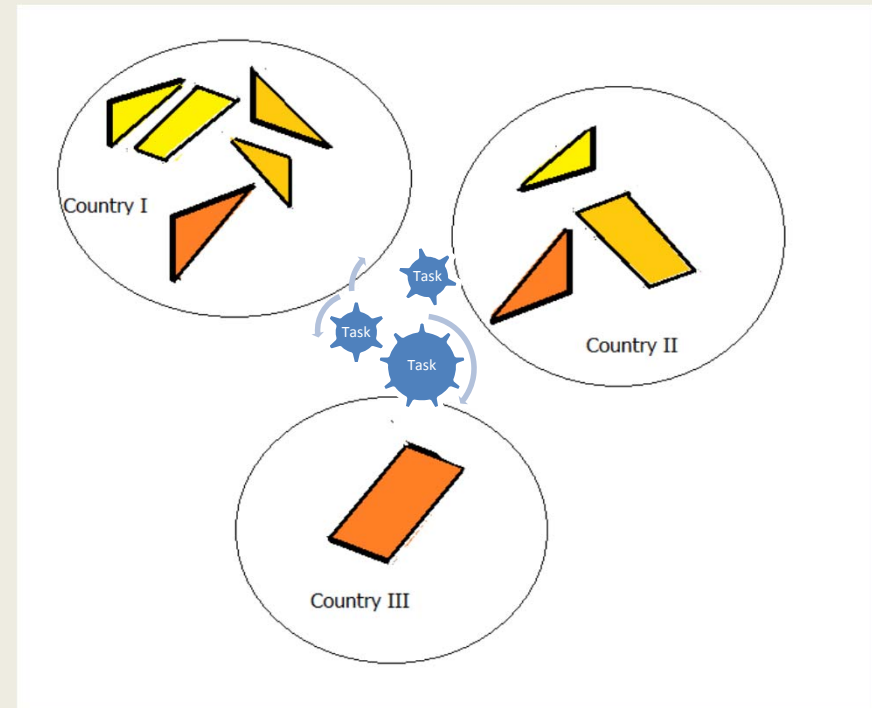
- All products are made from same country's components



**Custom value of the finished product:**  
good estimate of the country's  
contribution to the total production cost

### *Trade in Tasks*

- Countries specialize in segments of the Value Chain



**Custom values** are not enough to  
estimate each country's contribution to  
the total value of the finished product

**An Example of Vertical-Specialization-Based Trade**  
*double counting and bilateral trade biases*

Country I

\$30 million parts

Country II

\$20 million domestic parts

\$100 million computers

\$20 million labour

Country III

\$100 million imports of computers from II  
 vs.

***BILATERAL origin of VA :***

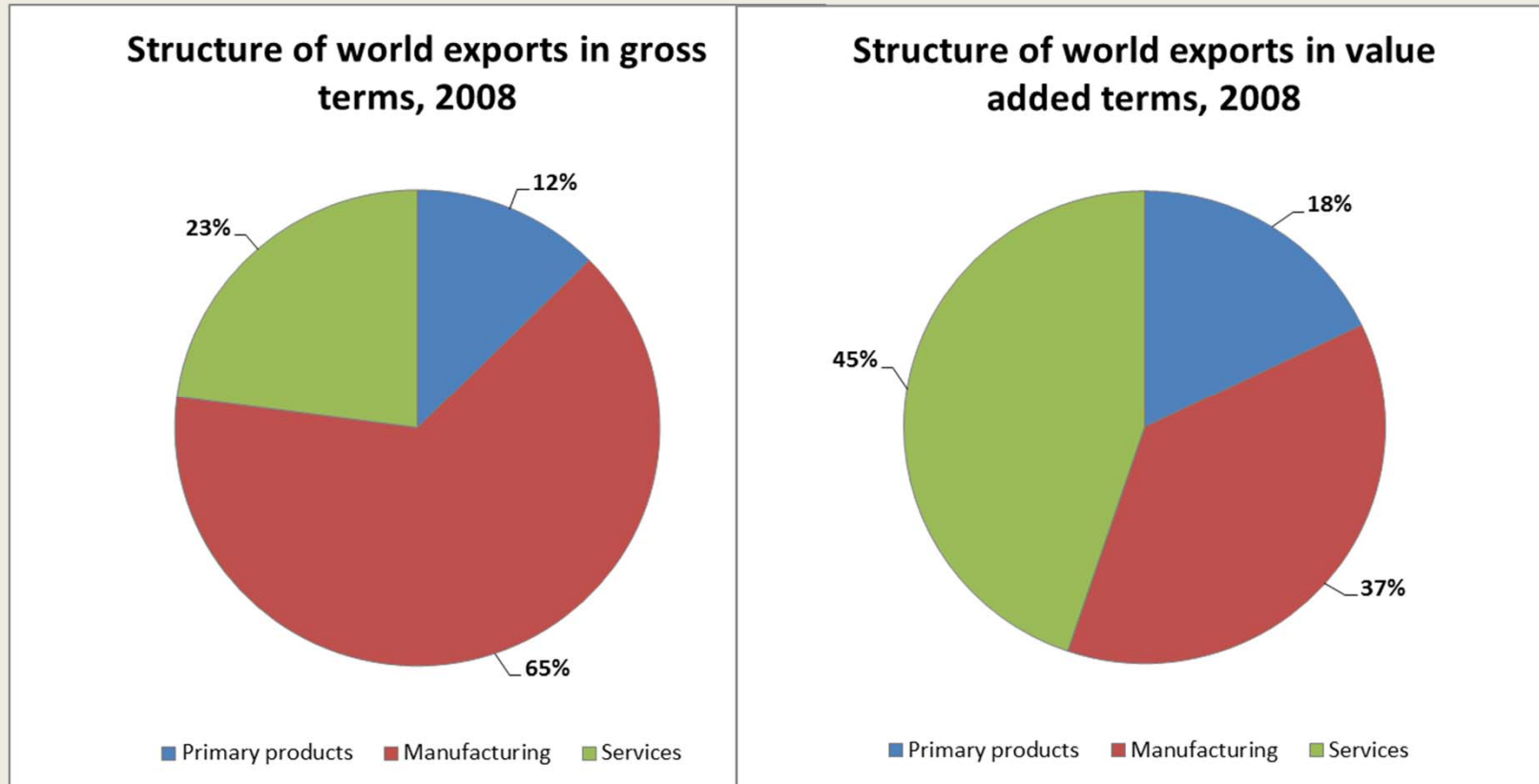
- \$30 from I (vs. 0)
- \$40 from II (vs. \$100)
- \$30 reimports (III) (vs. 0)

\$30 million Components and licence fees

***Double counting effect:***  
 Gross Trade Flows: 160 millions  
 V-A Trade Flows: 107 millions

# *What do we learn when comparing Gross and Value Added figures*

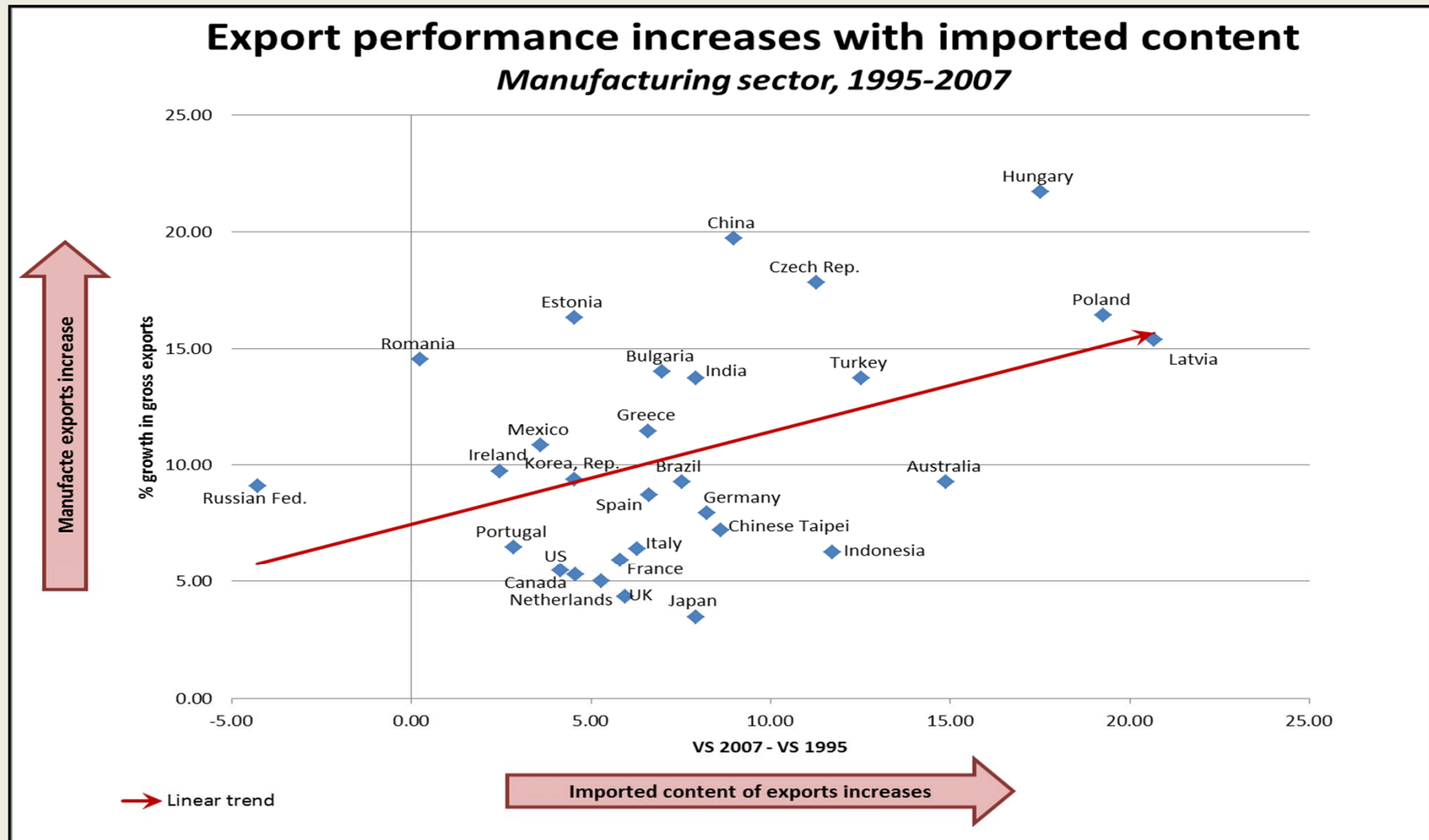
## **Services double their share in World Trade**



Services enter the value chains:

- Directly in the manufacturing process
- Pre- or post-manufacturing stage
- Post-retail services and recycling

# Importing intermediary products is good for export performance



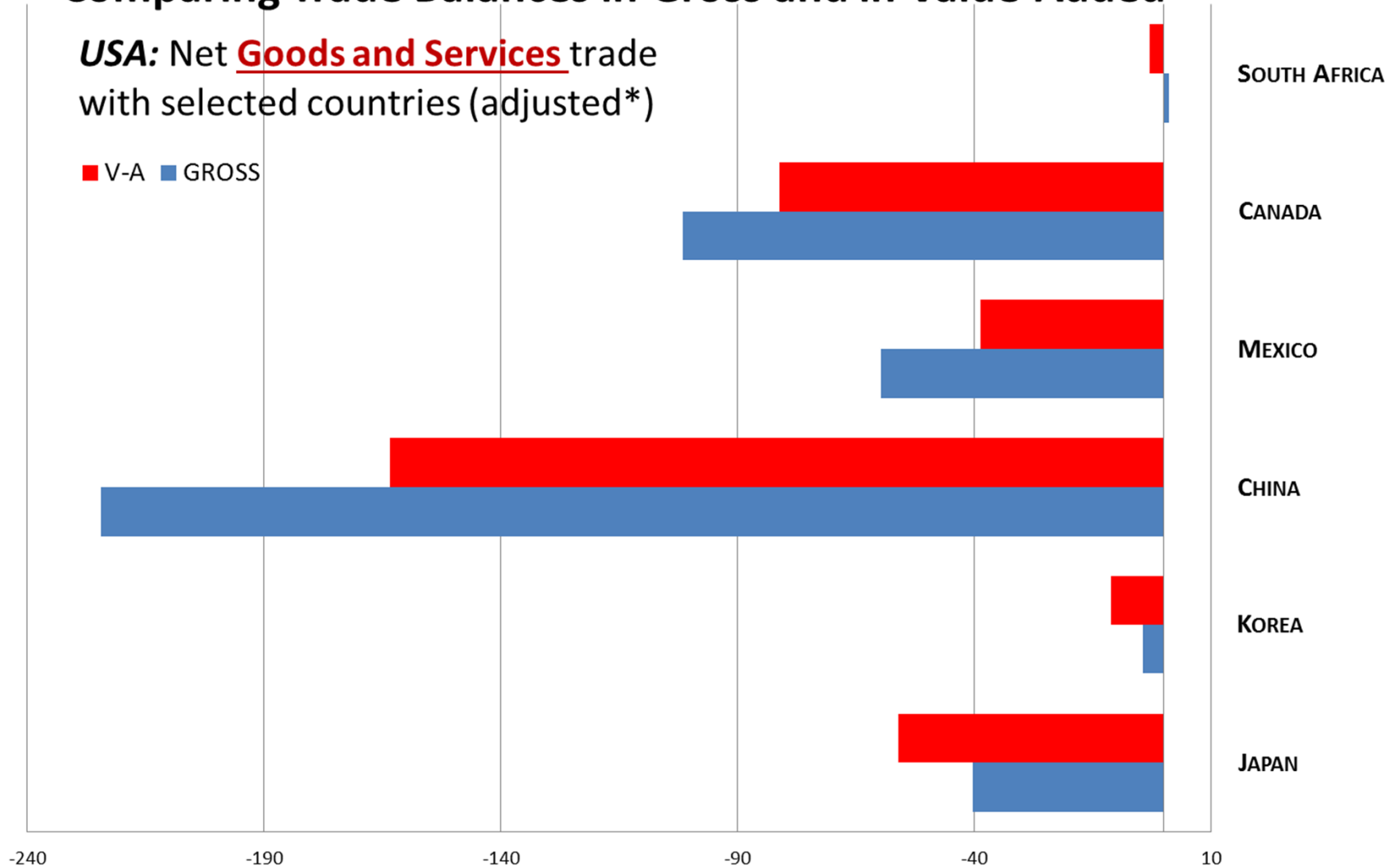
Based on WIOD data

# Bilateral Trade Balances are Resized

## Comparing Trade Balances in Gross and in Value-Added

USA: Net Goods and Services trade with selected countries (adjusted\*)

■ V-A ■ GROSS



(\*) Billions USD, including services and adjusted for presentation purposes.

# **The new OECD-WTO database results from a close *inter-agency cooperation***

- Builds on previous research realised by universities and national institutions in the past 10 years
- The OECD-WTO cooperation inserts itself into a much wider international statistical programme, which explores different approaches
- The OECD-WTO database presents a set of trade in value-added indicators that build on the results of a long-standing OECD programme of work on input-output analysis.