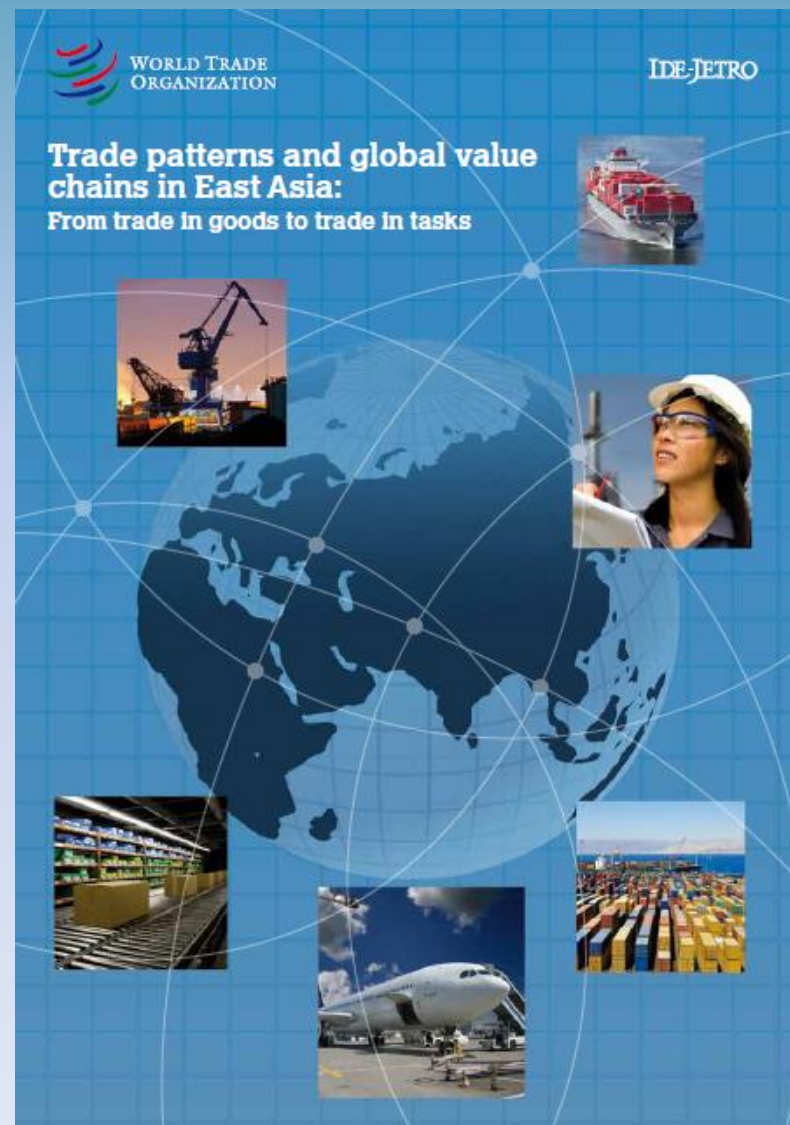
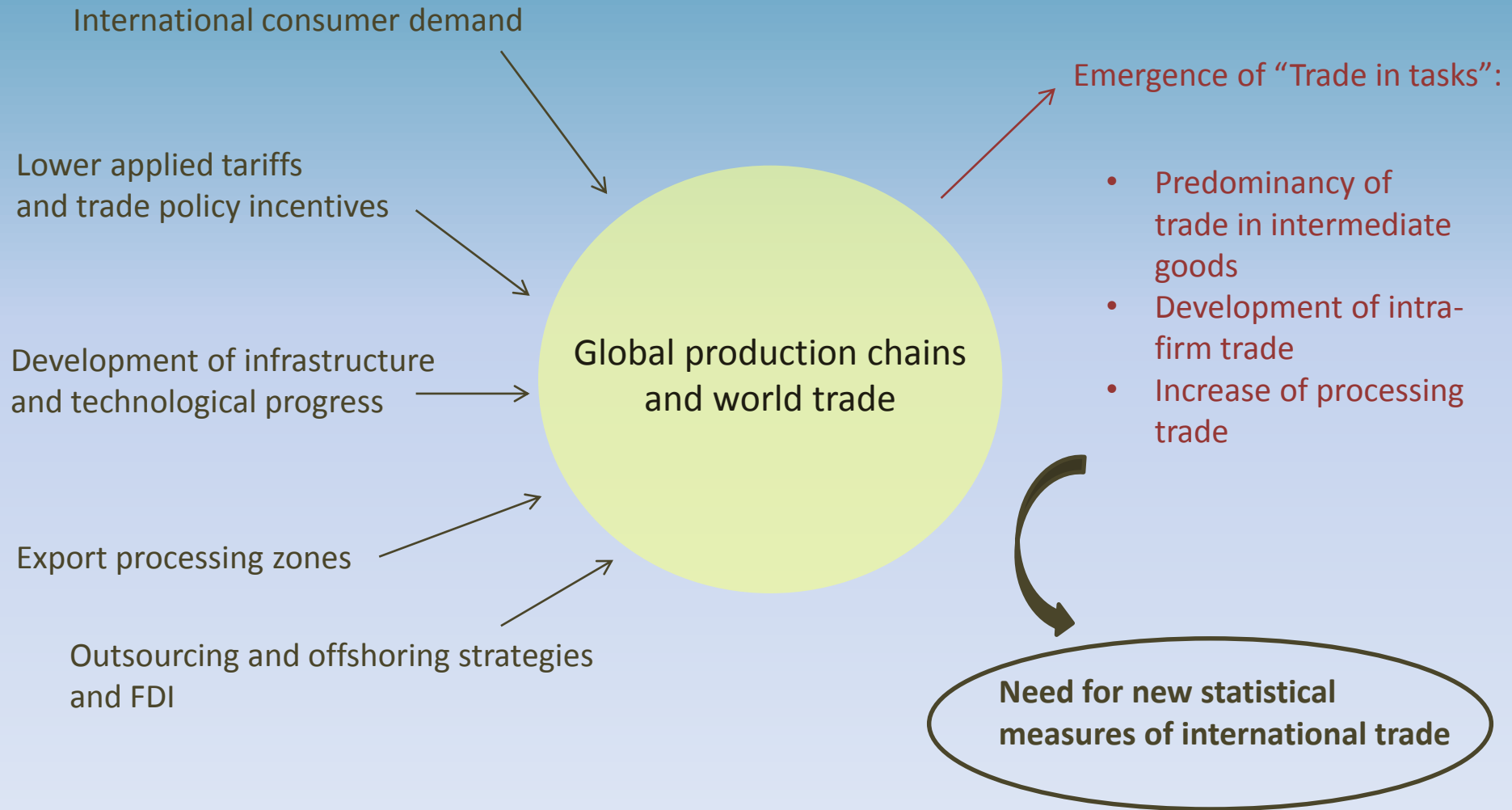


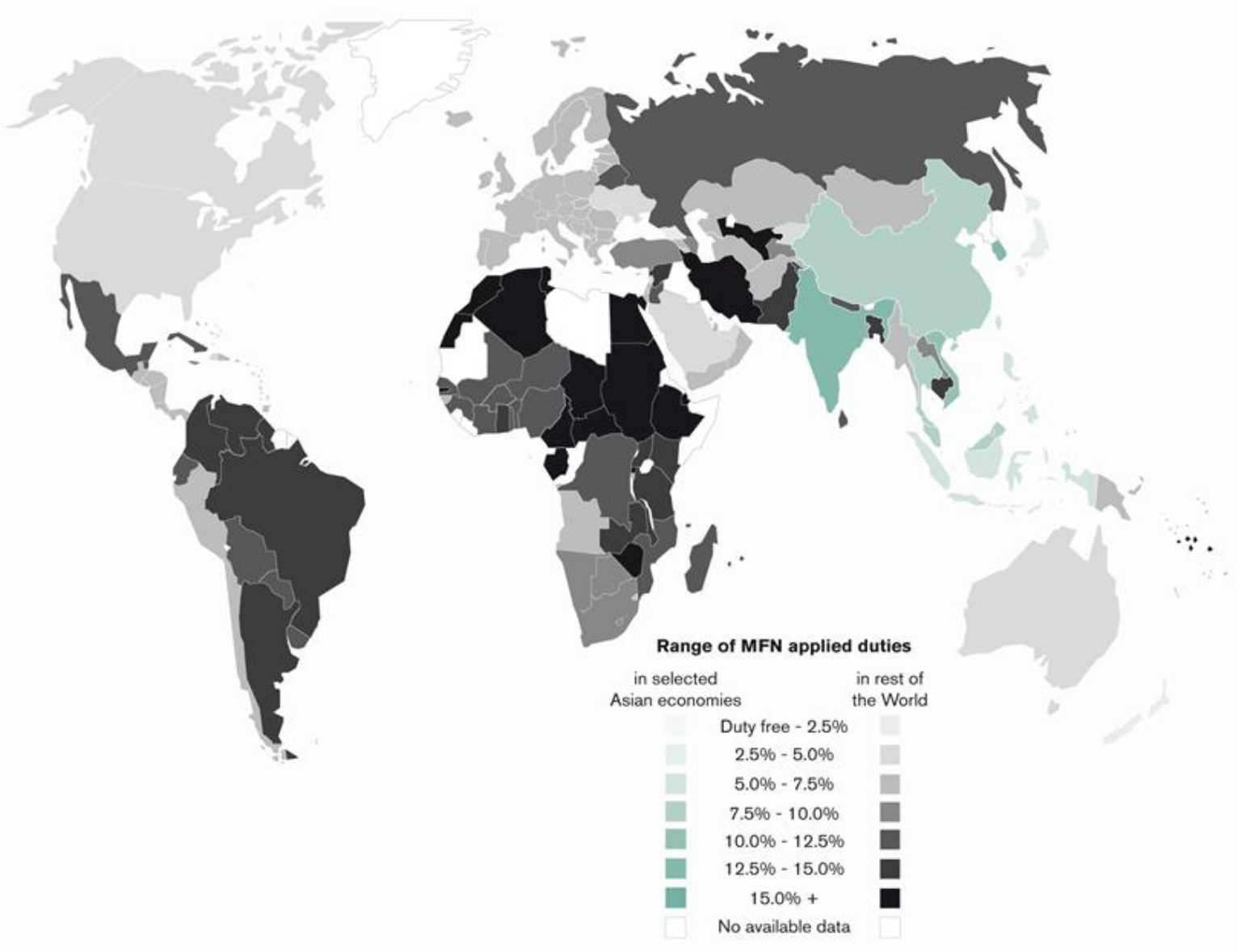
# Trade patterns and global value chains in East Asia : From Trade in Goods to Trade in Tasks



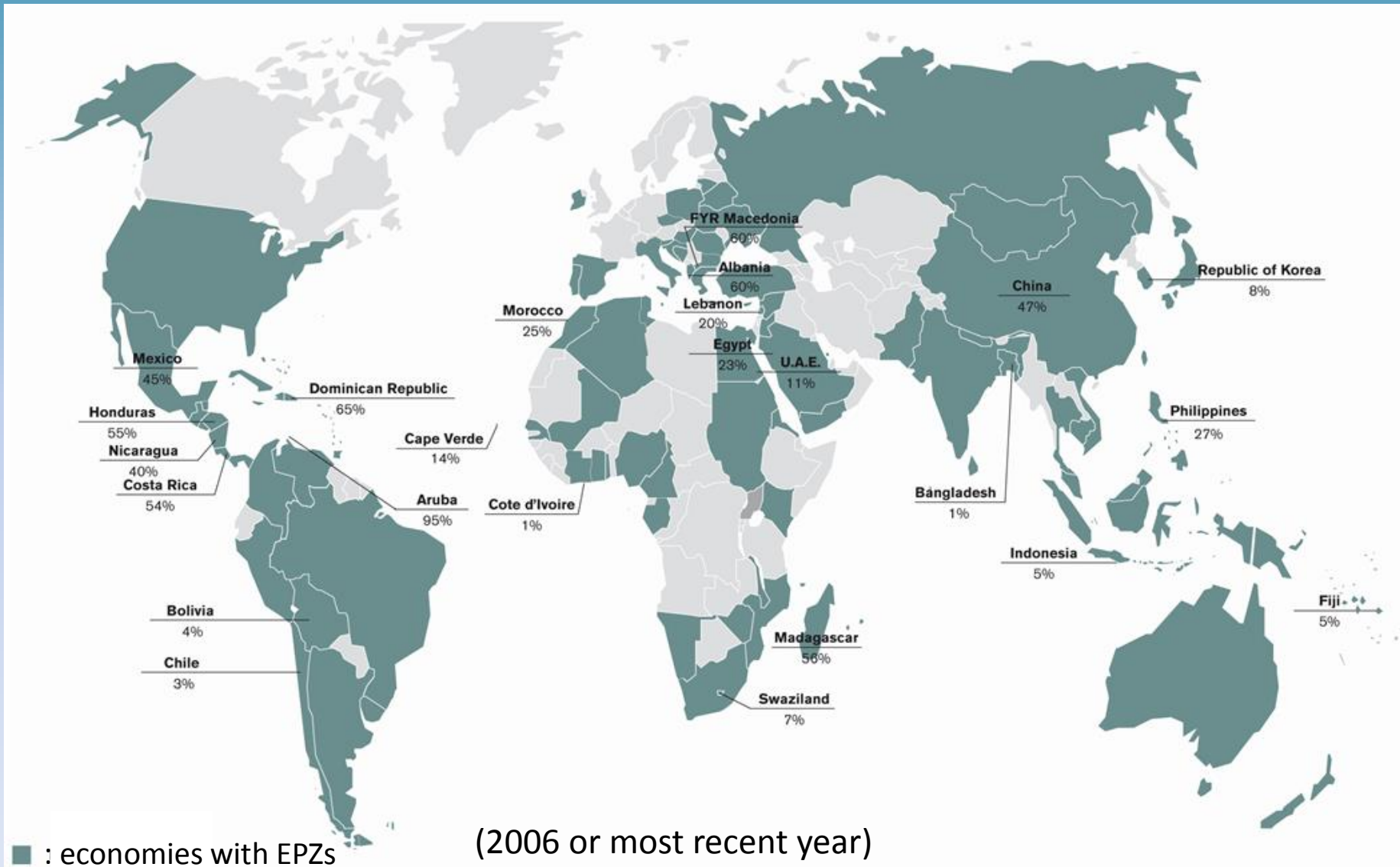
# Global production chains – Ins and outs



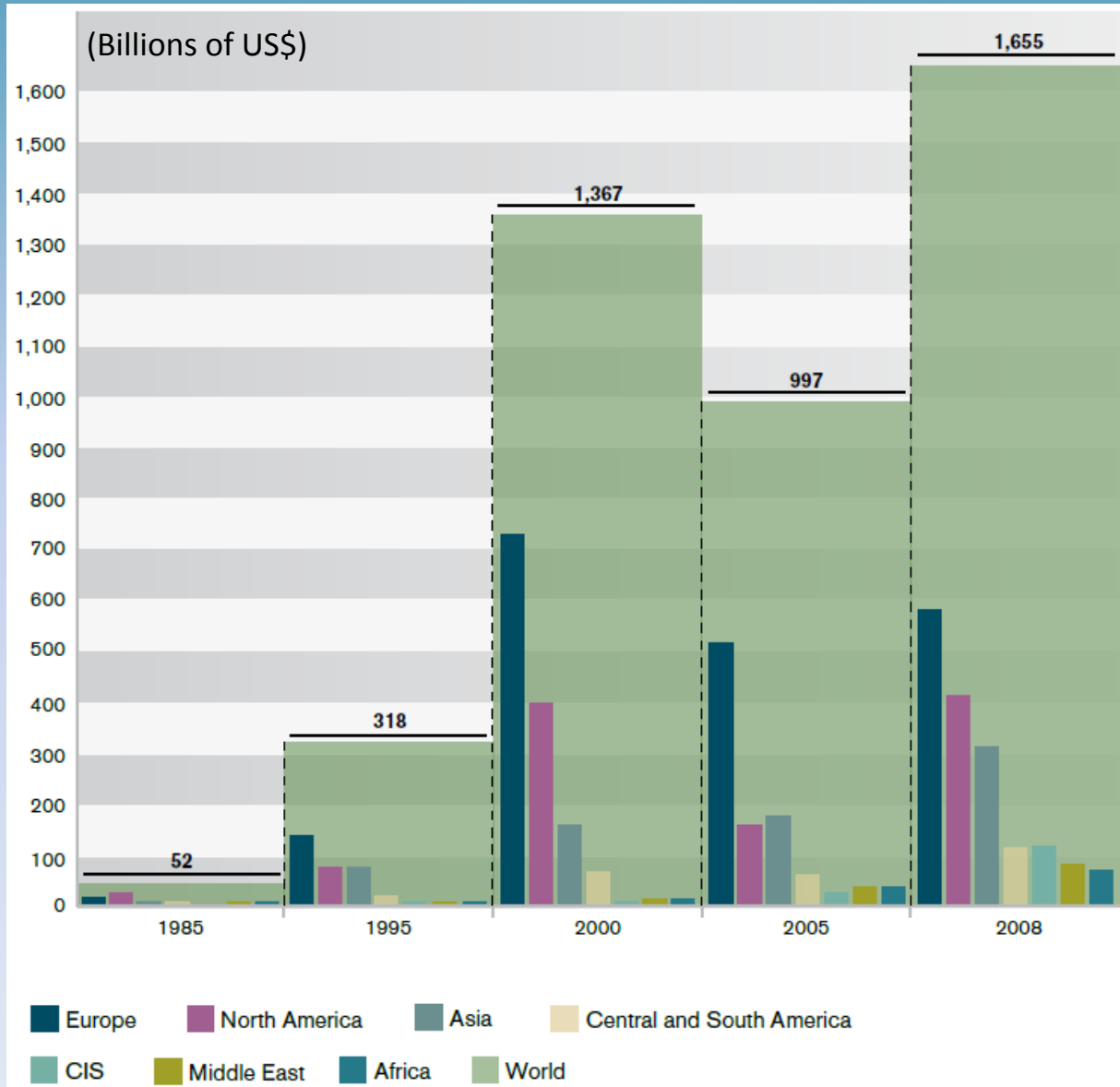
# Asian economies have relatively low applied tariffs on imports (especially on semi-processed goods)



# Export processing zones account for about 20% of total merchandise exports of developing economies

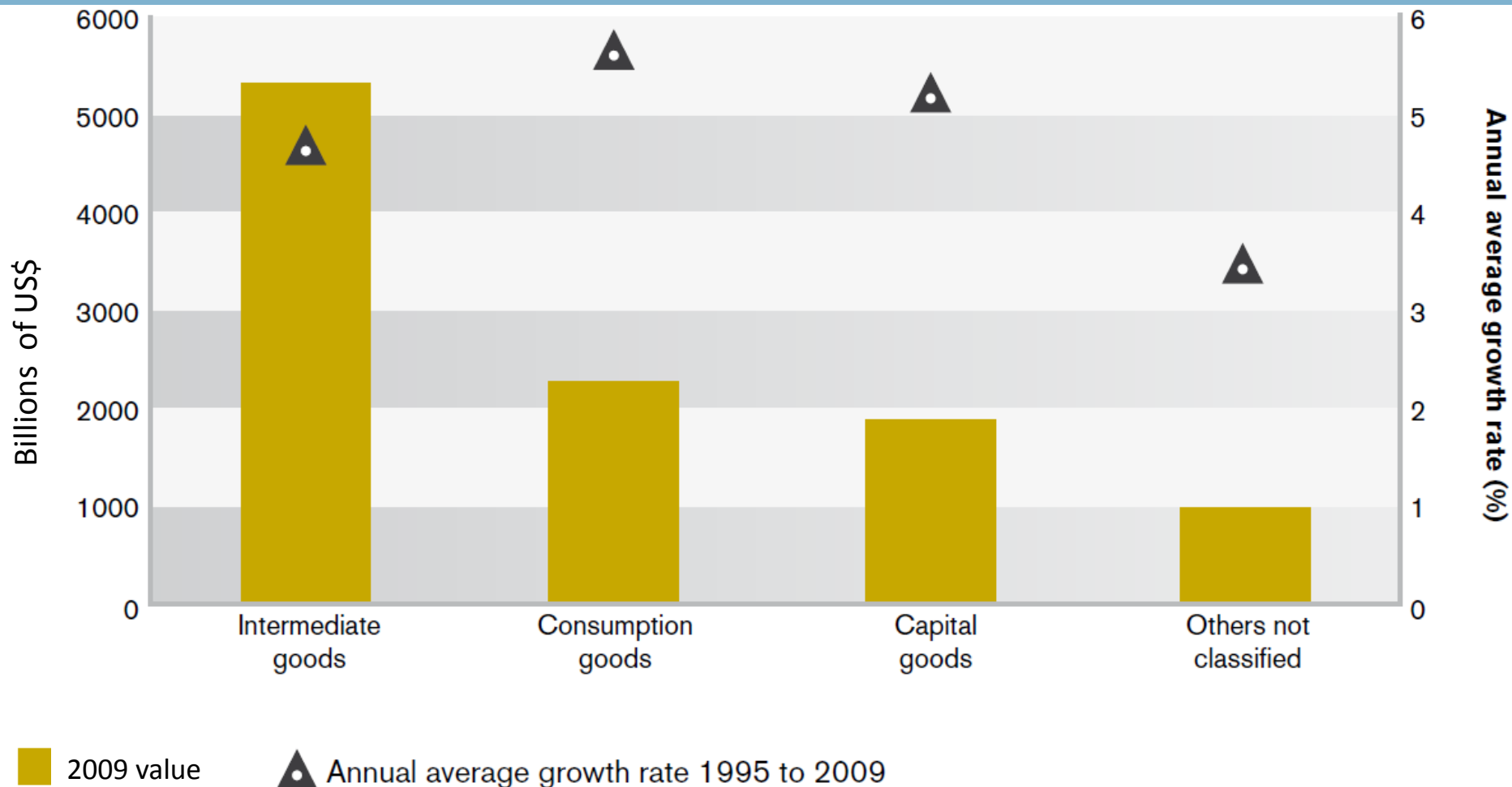


# Asia is the most attractive FDI destination in the developing regions

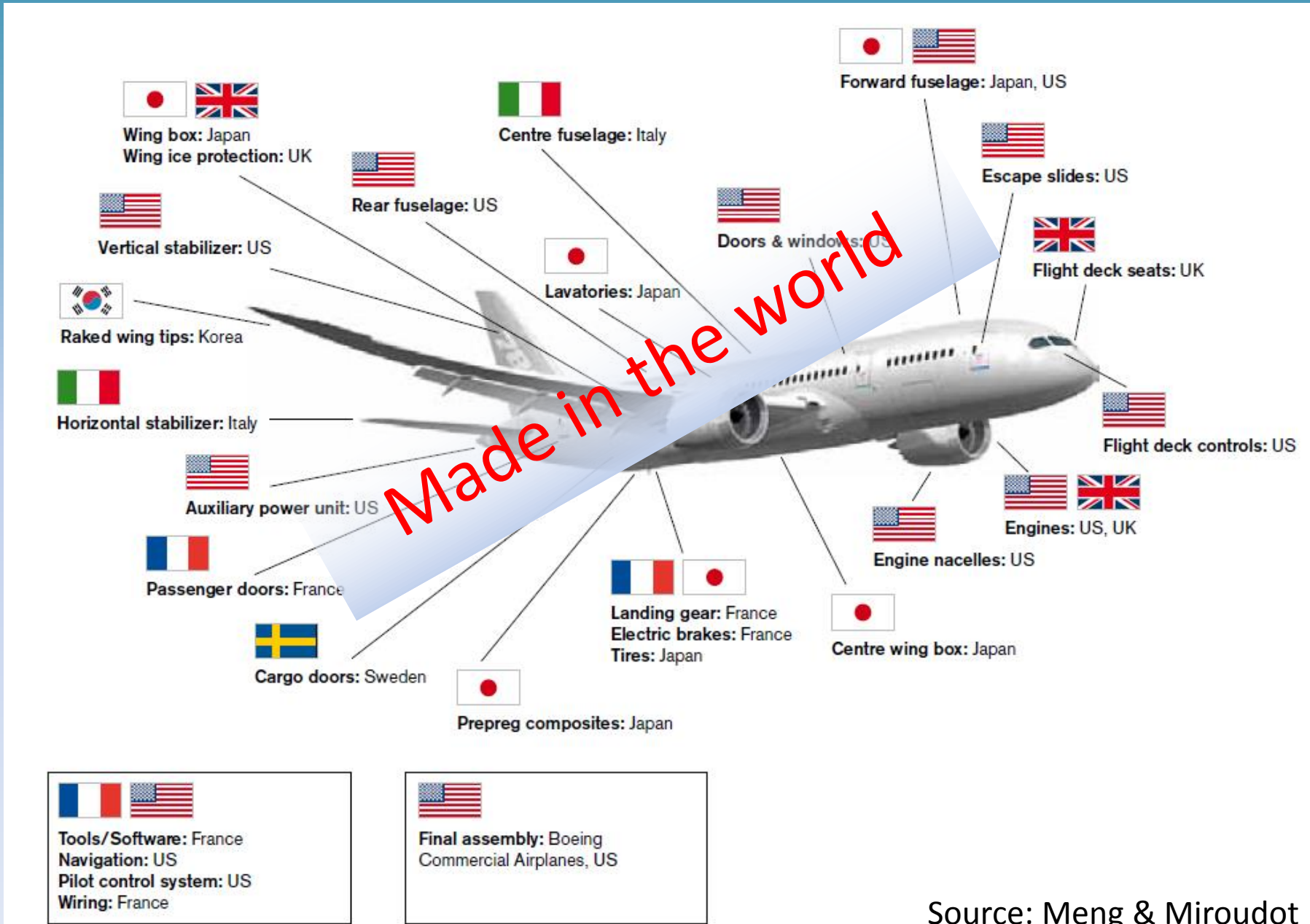


Source: UNCTAD

# Intermediate goods dominate world non-fuel merchandise exports



# Fragmentation of production: the example of the Boeing 787 Dreamliner



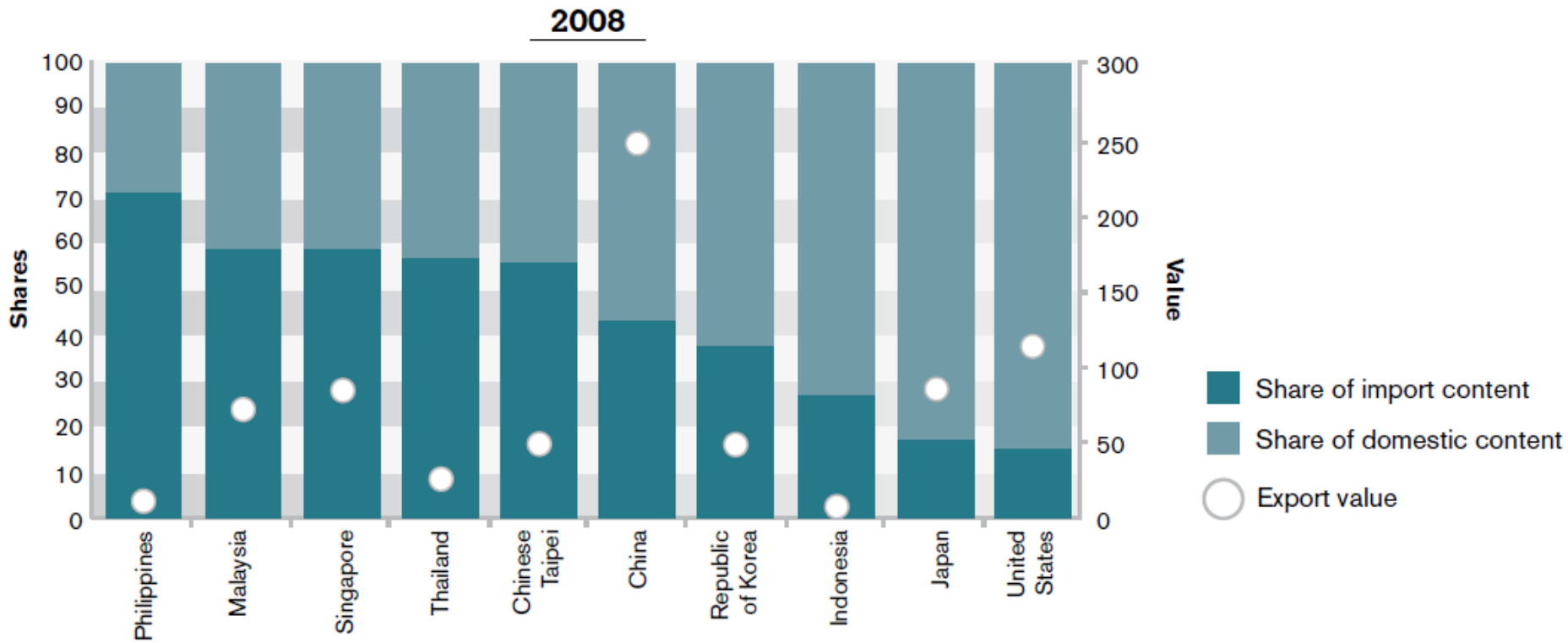
# Towards a new measure of international trade

- **Traditional statistics** present some biases:
  - Multi-counting of trade flows in intermediate goods
  - Difficult attribution of the country of origin of an imported product
- **Measuring trade in value added** terms allows:
  - To circumvent the biases observed with traditional statistics
  - To take into account the specificity of trade occurring between the different actors of a production chain

# Some benefits of trade in value added

- **A better evaluation of the actual contribution of international trade to an economy**  
(incl. development, employment, environment)
- To highlight the **interdependency of economies**, and the **counter-productive effects of protectionist measures** on economies and enterprises they are supposed to protect
- **Better evaluation of the contribution of the services sector on trade**
- To provide a **more realistic evaluation of bilateral trade balances and regional trade**

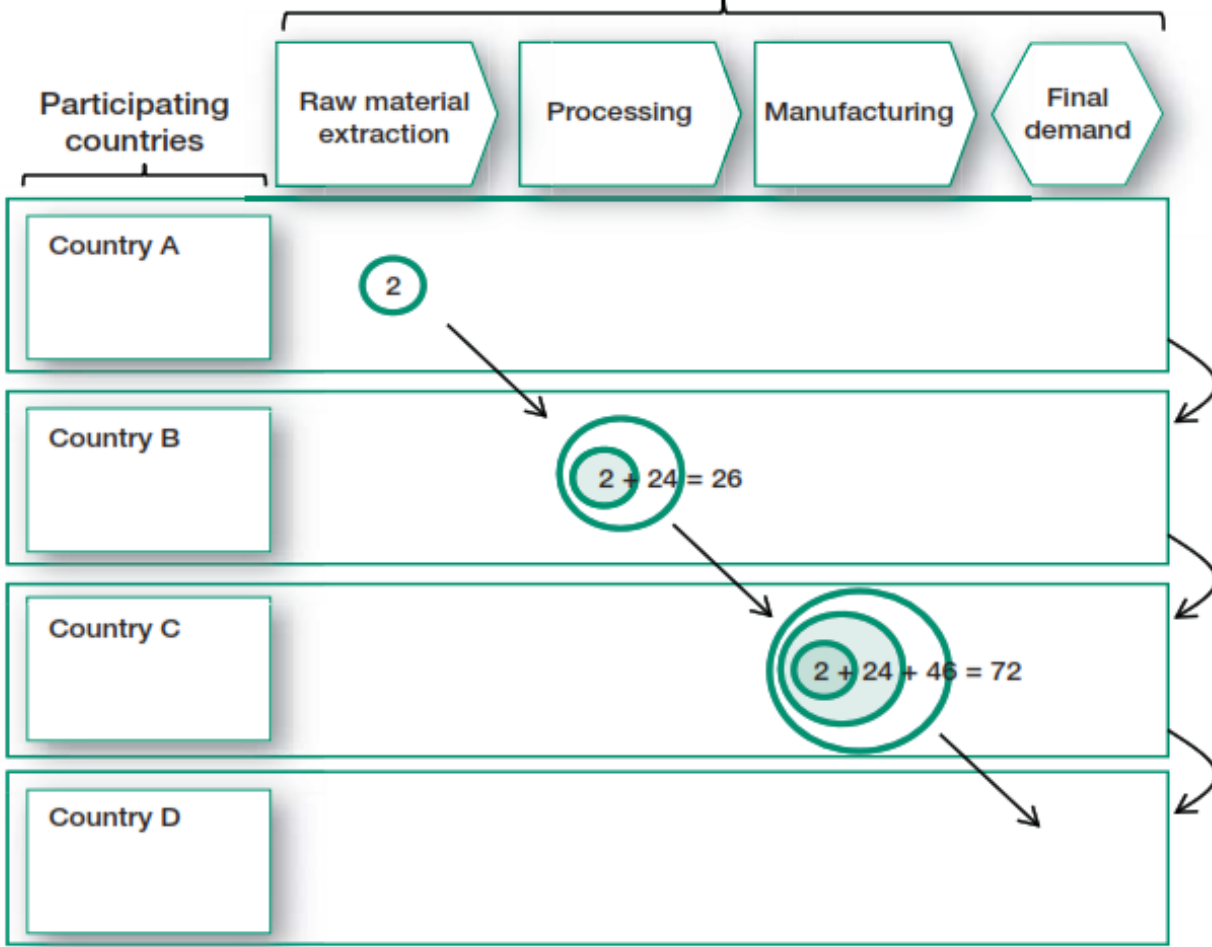
# Computers and electronic equipment exports and their domestic and imported contents (in billions of \$ and percentage)



Source: WTO, based on IDE-JETRO Asian Input-Output tables

### Value chain

-  Domestic value added in exports
-  Foreign value added incorporated



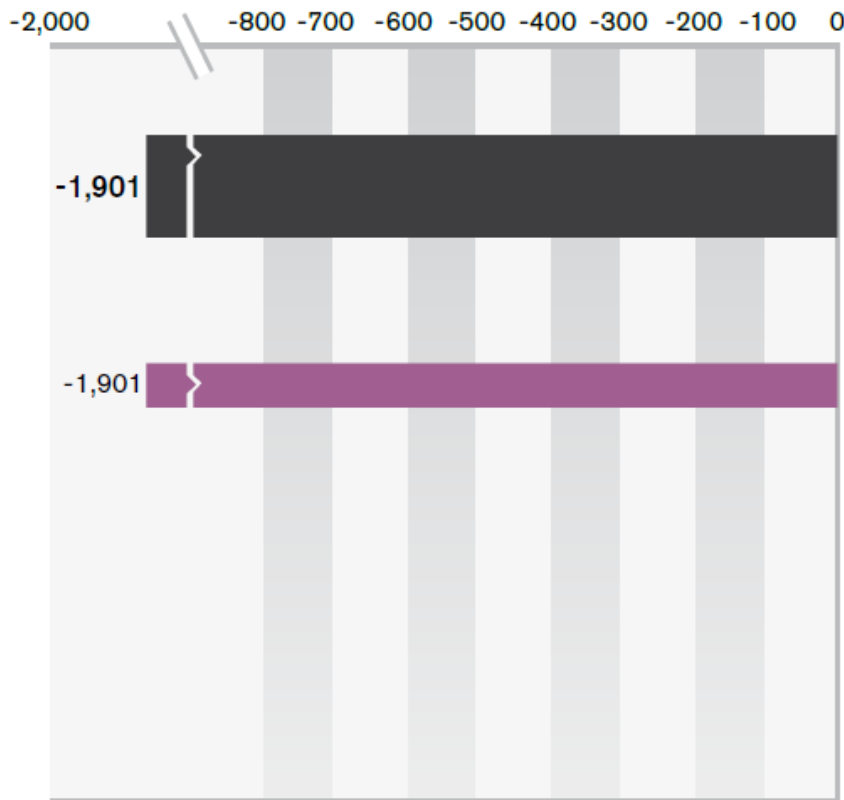
	Gross exports	Domestic value added	Double counting
Country A	2	2	0
Country B	26	24	2
Country C	72	46	26
<b>Σ</b>	<b>100</b>	<b>72</b>	<b>28</b>

	Country 1				Country 2			
	Final Demand	Labor input	Imported input	Output	Imported input	Labor input	Output	Final Demand
Stage 1 in		\$1						
Stage 1 out				\$1				
Stage 2 in					\$1	\$1		
Stage 2 out							\$2	
Stage 3 in		\$1	\$2					
Stage 3 out				\$3				
Stage 4 in					\$3	\$1		
Stage 4 out							\$4	
Stage 5 in		\$1	\$4					
Stage 5 out				\$5				
	\$2							\$3
Total	\$2	\$3	\$6	\$9	\$4	\$2	\$6	\$3

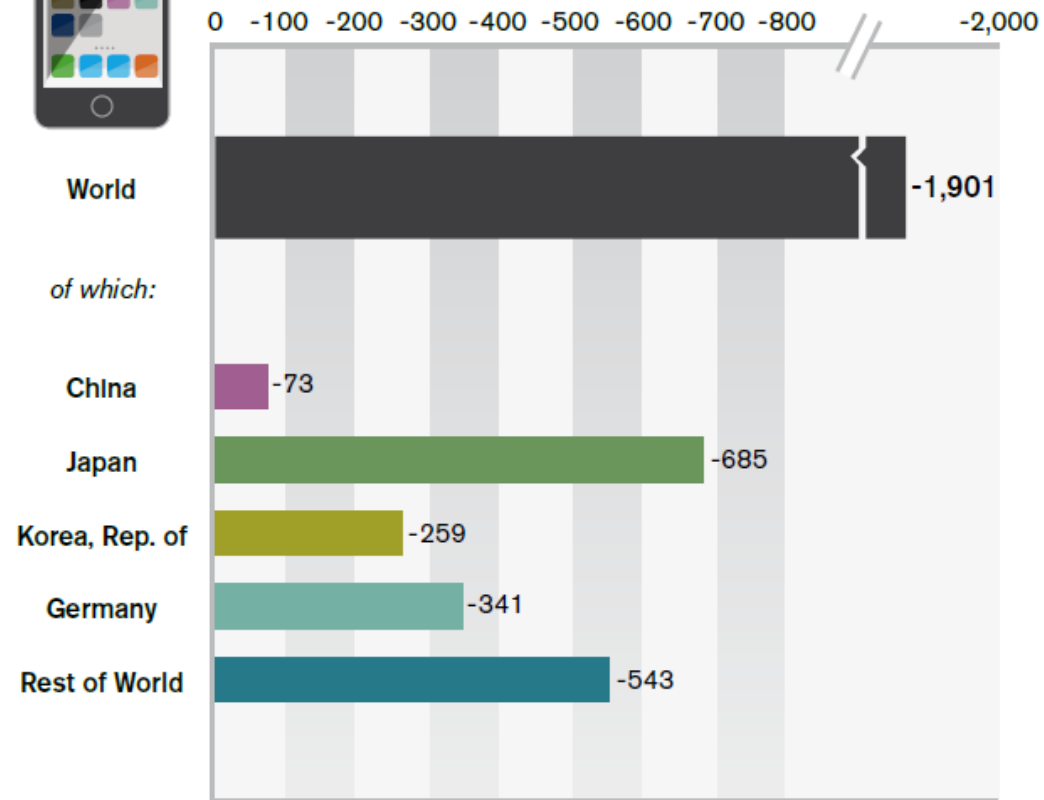
Input		Output	Intermediate use					Final use		Total output
			Country 1			Country 2		Country 1	Country 2	
			Sector 1	Sector 2	Sector 3	Sector 1	Sector 2			
Intermediate input	Country 1	Sector 1				1				1
		Sector 2					3			3
		Sector 3						2	3	5
	Country 2	Sector 1		2						2
		Sector 2			4					4
Value-added			1	1	1	1	1			
Total Input			1	3	5	2	4			

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

Traditional measure



Value added measure



# United States-China trade balance

## Traditional vs VA measure (in billions of US\$)



Sources: UN Comtrade Database, IDE-JETRO AIO table and WTO estimates