Measuring Trade in Value Added by the OECD

Meeting of Group of Experts on National Accounts
2-4 April 2013, Geneva

Mark de Haan
discussant
Multi-regional input-output tables

Various initiatives (Word MRIO, WIOD, TiVA...)
Main approach: linking IO tables with bilateral trade data (huge exercise!).

Key applications (so far):

- **Globalisation**: trade in value added, GVC analysis, ‘employment content of trade’
- **Environment**: (carbon) footprint, environmental balance of trade, life cycle analysis
Overall impression of chapter 9

A valuable contribution to the taskforce report by illustrating among other things:

• the (ongoing) international fragmentation of production chains

• the expansion of (gross) import and export flows due to e.g. processing, merchanting and other global production activities

• the actual (bilateral) trade balance and trade dependencies between countries.

→ Bonus: very nice discussion on classification of factoryless producers
Discussion point 1 – The role of the knowledge economy

What is currently missing…?

• ‘Ipod’ example, $144 factory gate price, illustrates the missing parts of the TiVA / GVC approach, as a result of shortcomings in national accounts statistics

• Some of the interesting parts of the value chain, related to knowledge and IPP’s, are the most difficult ones to measure
  • Typology of factoryless producers
  • Assigning intangible and human capital services to Global Value Chains
Share of value capture, Ipod $299 (consumer price)

Source: Dedrick (2012)
Discussion point 2 - Input-output methodology and GVC analysis

What are the right IO coefficients to link global production chains?

• Other chapter suggests attributing IPP services of the principal to the outsourced physical output of contract manufacturer. Is this the right approach?

• Similar discussions take place in the context of environmental accounting

Some guidance in chapter 9 on IO methodology would be welcome.
Discussion point 3 – 2008 SEEA Implementation

What are the expected effects of SNA 2008/BPM6 implementation?

• One may expect that recording of trade on change of ownership basis will improve TiVA types of analysis.
  • ‘Net’ recording of processing related flows
  • Better reconciliation in SUT’s of trade and turn-over statistics

• Negative side effects:
  • Divergences in SNA implementation (timing, applied methods)
  • Gaps in time-series