

Trade in Value added and Global Value Chain

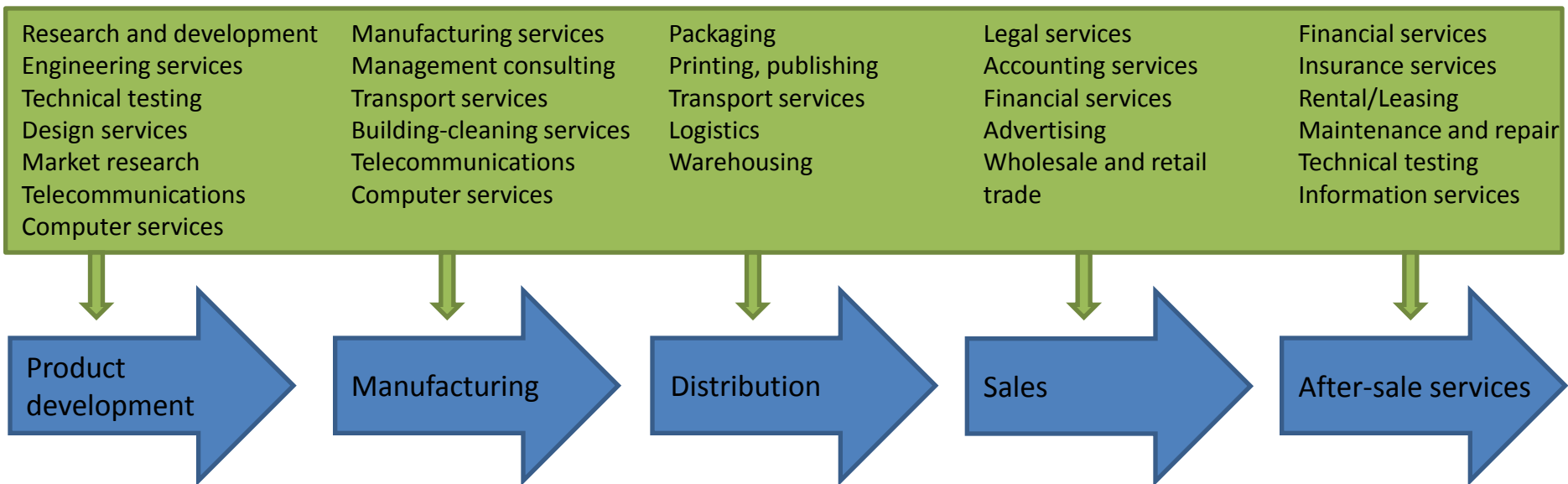
ESF Brussels
13 October 2017

andreas.maurer@wto.org

What is the role of services in GVCs?

1. Services as inputs or enablers in manufacturing

- Services embodied in goods, or “Servicification of manufacturing”



2. Services as inputs in fragmented services production

- Services value chains or services networks

Servicifi...what?

“Servicification” means that manufacturing firms:

1. buy and produce internally increasingly more services



30 services are
required to get a loaf
of bread into a
shopping basket,
accounting for 72% of
the final price










More servicification

“Servicification” means that manufacturing firms:





2. Sell and export increasingly more services

Sandvik

	> Construction equipment and tools
	> Furnace products and heating systems
	> Hard and super-hard materials
	> Industrial processing systems
	> Metal-cutting tools and tooling systems
	> Mining equipment and tools
	> Stainless steels, special alloys and titanium

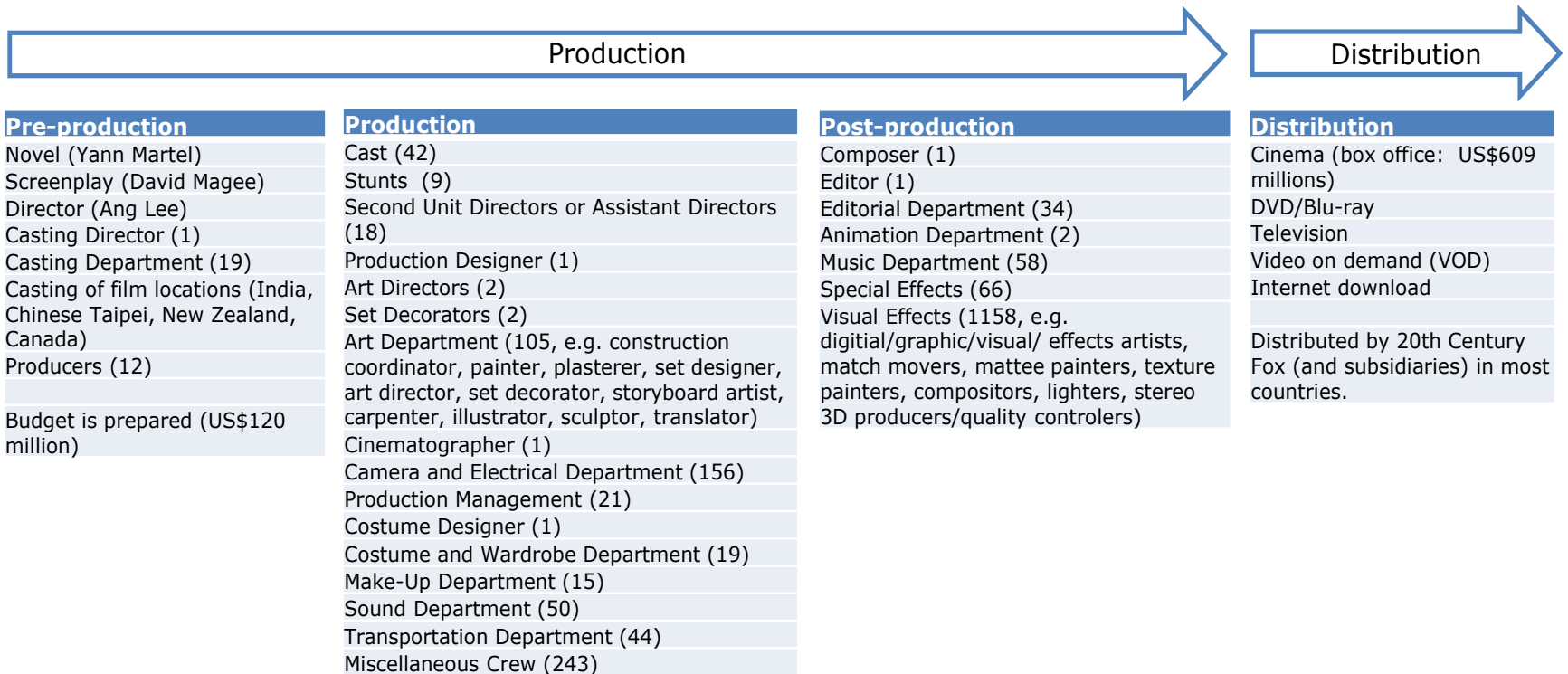
... and **15 types of services**
(from R&D to maintenance of
delivered products)

Rolls Royce

Products	
Civil Large Engines	Small & medium engines
	
Helicopter Engines	Future products
	

... generates **52%**
of its civil aircraft **revenue** from
after-sale services

The film value chain



Take a holistic view on how services are traded

- Direct cross-border services trade (GATS mode 1)
- Movement of consumers (mode 2) and labour (mode 4)
 - Measured by balance of payments (BOP)
- Movement of capital (mode 3)
 - Measured by foreign affiliate statistics (FATS)
- Indirect services trade (embodied in goods)
 - Measured by trade in value added statistics (international input-output tables)
 - Domestic versus foreign value added content of exports

Inter-Country Input-Output (ICIO) database

*National Input-Output tables (IOTs)
or
Supply and Use tables (SUTs)*

*Bilateral trade statistics in goods and
services*

Countries

Countries, WTO
(estimations, adjustments)

		Country A			Country B			Country C			Final Demand		
		Sector 1	Sector 2	Sector 3	Sector 1	Sector 2	Sector 3	Sector 1	Sector 2	Sector 3	Country A	Country B	Country C
Country A	Sector 1												
	Sector 2												
	Sector 3												
Country B	Sector 1												
	Sector 2												
	Sector 3												
Country C	Sector 1												
	Sector 2												
	Sector 3												
Taxes less subsidies on products													
Cif-fob adjustments													
Value added	Labour compensation												
	Operating surplus												
	Taxes less subsidies on production												
Output													

Inter-Country Input-Output (ICIO) table

TiVA and GVC indicators

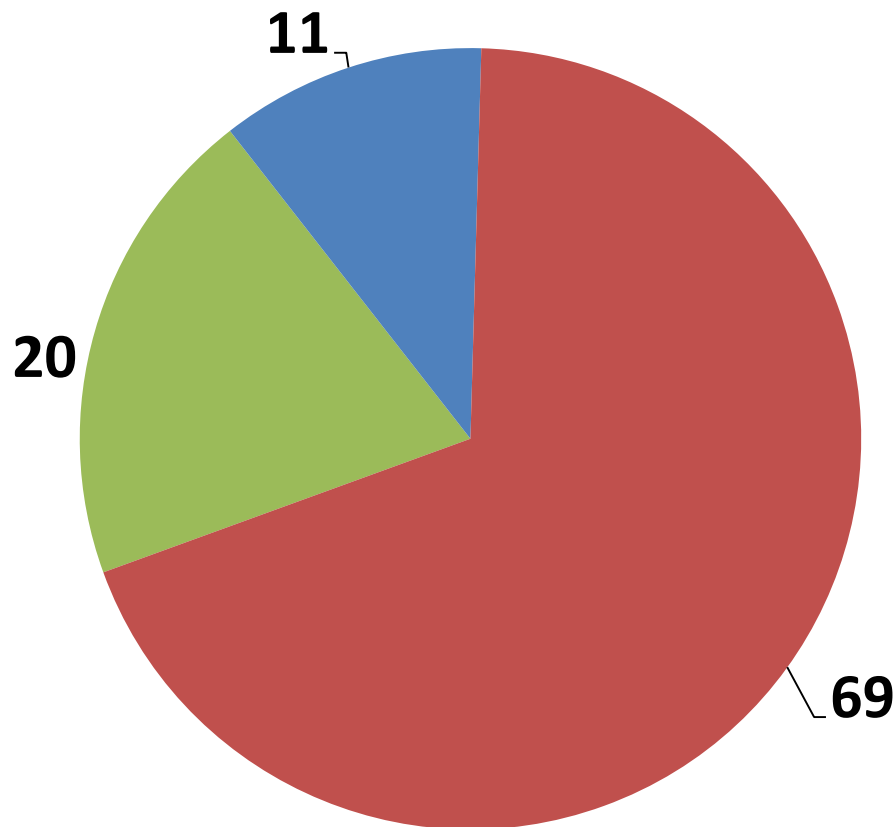
Domestic and foreign sectoral VA contributions to EU28 exports, 2011 (% share in industry's total gross exports)

Value added origin ↓

	Domestic				Foreign			Total
	Primary products	Manufactures	Services		Primary products	Manufactures	Services	
Total, of which:	2.8	25.2	43.4		5.0	8.8	14.9	100.0
Primary products	55.2	5.9	18.2		5.8	5.1	9.8	100.0
Manufactures	1.9	39.4	23.1		6.6	12.2	16.8	100.0
Services	0.6	3.6	78.0		2.2	3.5	12.1	100.0

Export industry
→

**Structure of world exports
in gross terms,
2011**



Primary



Manufacturing



Services



**Structure of world
exports in VA terms,
2011**

