TiVA-GVCs: preliminary analysis of food & agriculture value chains

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What is Trade in Value-Added (TiVA)?

• A database containing estimates of the value that is added, by country and by industry, in producing goods and services
• Reveals the source of income generated and the economic significance of both exports and imports
• Based on national I-O or supply use tables, linked to bilateral trade flow data
• Currently covers 57 countries, 18 industries, for 1995, 2000, 2005, 2008 and 2009

References: Interconnected Economies: Benefiting from GVCs (OECD, 2013)
Implications of GVCs for Trade, Investment, Development and Jobs (OECD, WTO, UNCTAD, 2013)
Domestic value-added content of gross exports
Role of services in global trade

Services value-added embodied in gross exports, 2009

Average: 45%
Services share of gross global trade: 24%
Most agriculture trade is in final products

Exports by Major End-Use Categories, 2007

USD 923 billion

Agriculture

USD 11.7 trillion

Manufacture

- Capital goods
- Intermediate goods
- Final consumption
Agri-food products have a low foreign value added content in exports

Source: OECD (2013) Interconnected economies
Agriculture value chains are relatively short

Index of the number of production stages

- Transport equipment
- Textiles, leather & footwear
- Electrical & optical equipment
- Machinery & equipment n.e.c.
- Food products & beverages
- Chemicals & non-metallic mineral products
- Manufacturing n.e.c. & recycling
- Construction
- Electricity, gas & water supply
- Transport & storage, post and telecoms
- Wholesale & retail trade, hotels & restaurants
- Financial intermediation
- Other services
- Mining & quarrying
- Business services

2009 vs 1995
Services are also key in agriculture and food trade

Services value added, % of total exports of goods, 2009 (TiVA)

Source: OECD (2013) *Interconnected economies*
Varying levels of participation in agri-food GVCs (APEC)

Participation index in agriculture and food as a % of total gross exports

- Vietnam: 12.5
- New Zealand: 8.8
- Chile: 6.2
- Indonesia: 4.5
- Malaysia: 4.0
- Thailand: 3.6
- Australia: 2.8
- Canada: 2.3
- United States: 2.1
- China: 1.8
- Russia: 1.6
- Mexico: 1.5
- Philippines: 1.0
- Singapore: 0.8
- Brunei Darussalam: 0.6
- Korea: 0.5
- China (Taipei): 0.4

2009: Blue bars
1995: Red diamonds
Nature of participation in agri-food GVCs (APEC)
An illustration: the Nutella® global value chain

Source: Ferrero
Implications for trade and related policies

» In a GVC world, trade costs can be magnified via
  › various forms of import and export restrictions
  › inefficient and unnecessary border procedures
  › “behind the border” non-tariff measures
  › under-investment in supply-side capacity, in particular human capital and physical infrastructure (“getting to and from the border”)

» Complementary policies need to accompany trade opening
  › framework conditions
  › education and skills training
  › physical infrastructure
  › active labour markets
  › social protection
Agriculture, food and related trade policy issues

» Traditional trade barriers remain higher
» Costs of inefficient border procedures are higher
» Growing role of quality as well as safety standards
» Governance of agri-food GVCs
» Specific infrastructure requirements,
» … and significant investment needs in developing countries
» Role of efficient services increasingly important
» Rapidly changing market conditions,
» …and policy changes not always keeping pace
What next: on-going OECD work on GVCs

» TiVA-GVC database, complemented by disaggregated data and analysis (e.g. including 20 agriculture and food products)

» Aims are to understand better what enables GVC participation in countries at different stages of development and firms of different sized and structures,

» …and, to identify policies that would enable firms to participate effectively in, and benefit more from, GVCs

» Looking beyond the current 40 countries to other less developed economies in Asia, South America, and Africa/Middle East

» …and expanding opportunities for inclusive dialogue
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