Motivations

- Generate insights on the Trade and Investment nexus -> Current TiVA only provides a view of trade and production.
- Develop more granular insights on the nature of GVCs.
  - Role of SMEs
  - Role of MNEs
- Improve the quality of TiVA estimates by better measurement of heterogeneity.
- To mainstream granularity in official statistics -> Extended Supply Use Tables

Presentation outline

- Methodology
- Findings

Methodology for OECD estimates

In response to the motivation:

- Relax homogenous assumptions &ñbreakdownò TiVA by firm heterogeneity
  - Correcting for ôunder-estimationô of key indicators -> import content of exports
- Unveiling how different types of firms are engaged in trade in a coherent National Account framework

Methodology

- Integrating macro databases, such as FATS/AMNE, SDBS & TEC, to derive imports, exports, gross output and value added by size and by ownership
- Extend input-output table by firm type
- Proportionality assumptions: no substitution in imports, no use preference & no supplier bias

Trade agent problem: official statistics on exporter status reflect DIRECT imports/exports; but óDIRECTô in business data refers to exports and imports via wholesale intermediaries.

Missing data in TEC, SDBS and AMNEs due to *confidentiality*

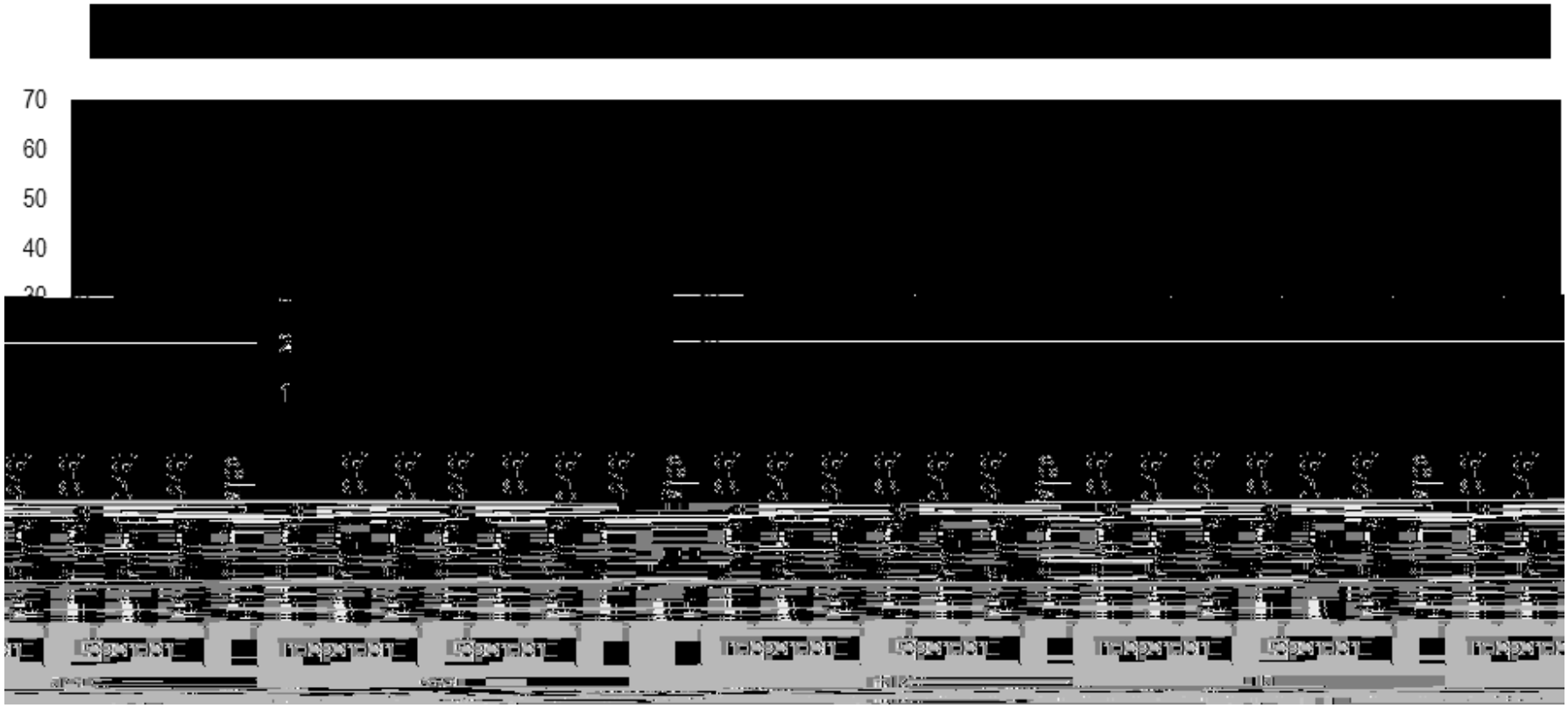
Services Trade by Enterprise Characteristics under development

Match ISIC4 to ISIC3 at the 2-digit level

FINDINGS

..especially independent SMEs

Direct and indirect exporting activity of SMEs in Nordic countries, % of total 2013



Source: Nordic Countries in Global Value Chains (2017), OECD-Statistics Denmark.

Revealing important insights

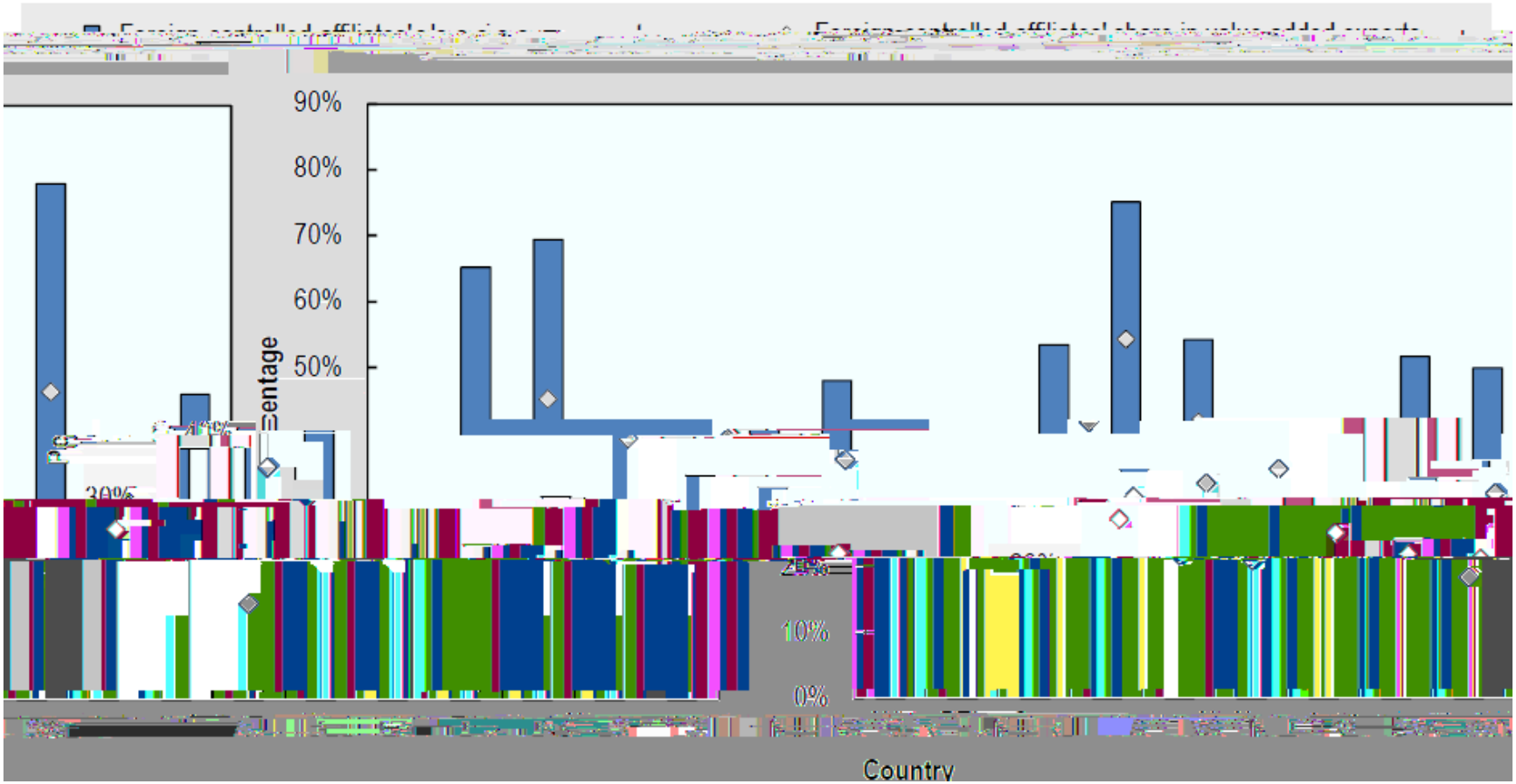
Trade can reduce wage-gaps with larger firms

Manufacturing wage gaps and SME trade, 2014

Log trend

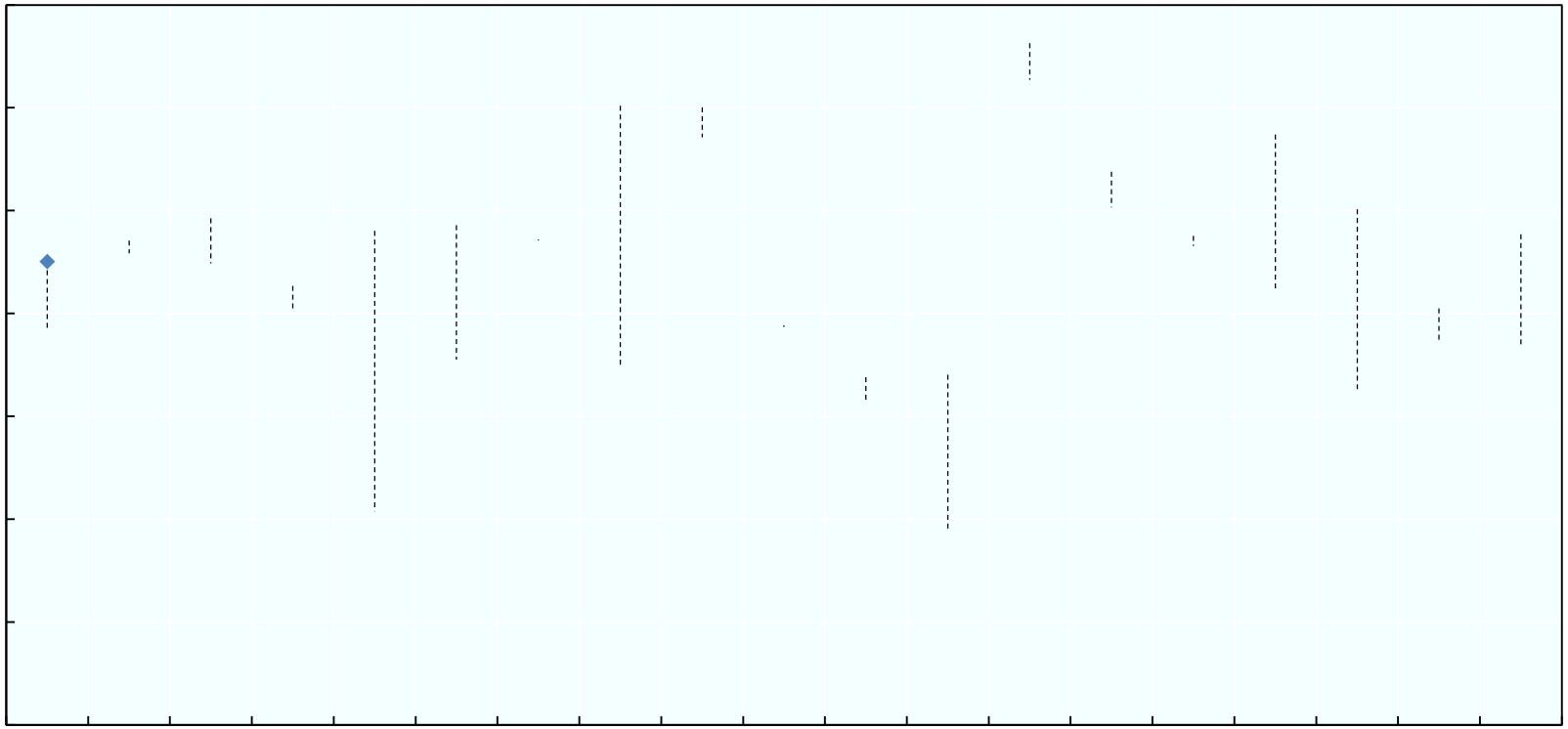
Note: SME wage gaps are measured as the difference between average salaries per employee in large firms and SMEs as a ratio of average salaries in SMEs. Export propensity of SMEs is measured as the share of exports by SMEs divided by the share of output by SMEs.
Source: Based on OECD Structural and Demographic Business Statistics and Trade by Enterprise Characteristics databases.

MNEs in GVCs: lower than traditional trade data suggests



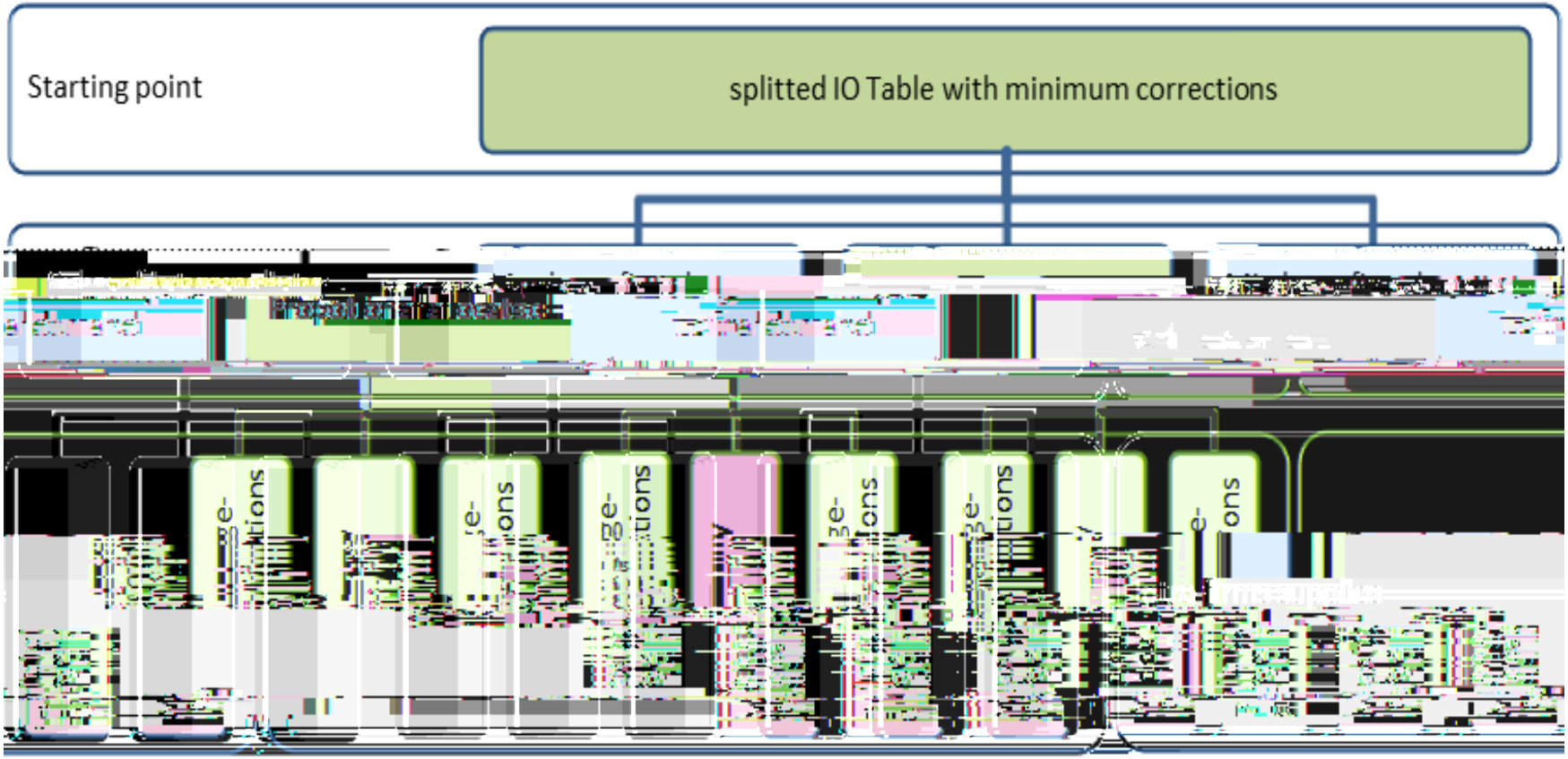
Year: 2014

Mixed picture in backward linkages: MNEs industry composition effects



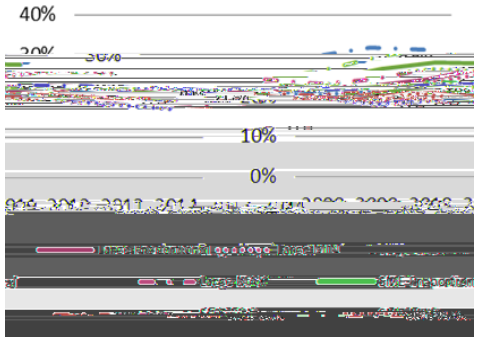
Improving TiVA indicators

Robustness check: typologies beyond proportionality assumptions

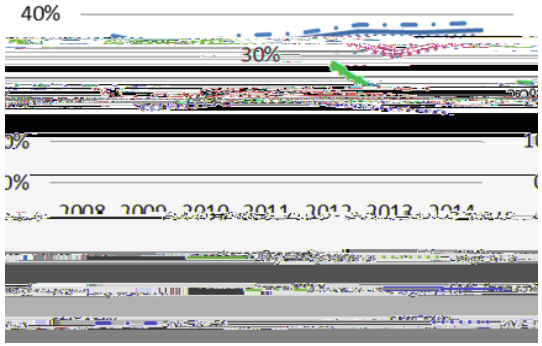


Robustness check: the variation for foreign value added share of exports is small

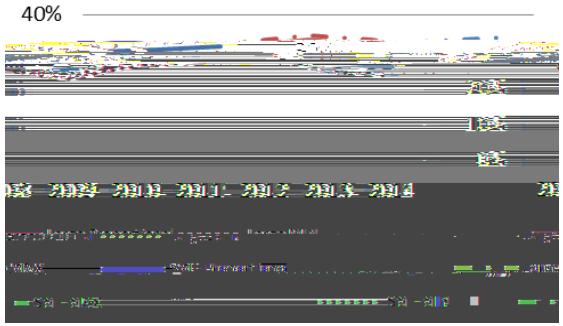
France Food Beverages



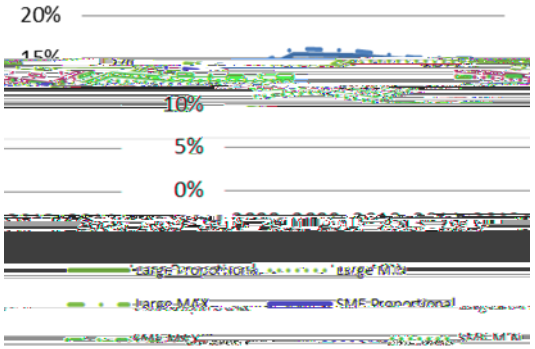
France Chemicals



France Computers

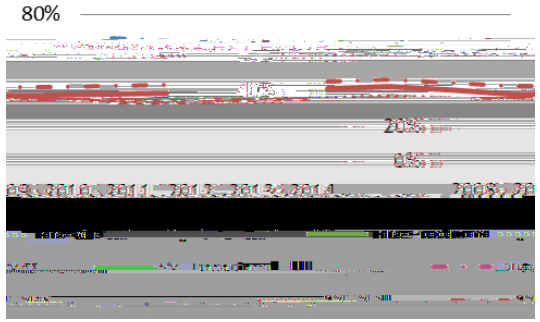


Mexico Food Beverages



Mexico Chemicals

Mexico Computers



SME exports double from a value-added perspective

Two-thirds of the *indirect* exports of SMEs are channelled to foreign markets via large

Mainstreaming granularity in official statistics

OECD Expert Group on Extended SUTs

- Moving *beyond* assumptions: towards developing statistics from the firm-level up.
  - Requiring significantly less assumptions than OECD estimates
- Country capacity building programmes to provide more granular insights, notably on wage and employment impacts and distortionary impacts (e.g. of FTZs on smaller domestic upstream suppliers).
  - Nordic Council
  - Finland
  - Morocco

Interested in our work

Nordic Countries in Global Value Chains (2017)

https://www.dst.dk/Site/Dst/Udgivelser/GetPubFile.aspx?id=28140&sid=nordglobchains

Accounting for firm heterogeneity in global value chains: The role of Small and Medium sized Enterprises, WPTGS (2018) paper

http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=STD/CSSP/WPTGS(2018)5&docLanguage=En

Extended Supply-Use Tables

https://www.oecd.org/sti/ind/tiva/eSUTs_TOR.pdf

http://papers.nber.org/conf_papers/f100626.pdf