

International Economic Interdependence and Global Value Chains: An International Input-Output Analysis

Topic: Vertical specialization and outsourcing 1

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The expanding cross-border activities of multinational enterprises, like the so-called vertical specialization, outsourcing and fragmentation production, have boosted dramatic changes in international economic interdependence among countries during the last two decades. In an attempt to understand the evolution of the interaction between countries, many indicators based on trade statistics have been developed. However, most of them focus on showing the direct trade-specific-relationship between countries, rather than considering the roles that inter-country and inter-industrial production networks play in the measure of international economic interdependence. Based on the concept of Trade in Value Added measured by the OECD input-output tables and the end-use-level bilateral trade data, this paper provides some new indicators to show the evolution of international economic interdependence and Global Value Chains for more than 40 main economies at detailed industrial level from both consumption and production-based aspects. In addition, this paper also provides an alternative idea about how to evaluate the roles of intermediate goods and final goods separately in the measurement of Global Value Chains by using an international input-output model.