

Revisiting the quality of exports

Topic: Exports and Value Chains

Author: Gerardo Fujii-Gambero

In the context of world value chains, the manner in which production occurs has made it more difficult to judge countries' export quality, given that, with many technology-intensive products, the international division of labor is arranged around phases of the output process, some of which are sophisticated and others uncomplicated. When a country specializes in complex processes, it adds more value to output than countries specializing in basic transformation. For this reason, we examine two indicators of export quality based on a decomposition of the value of exports. The first involves domestic value added in exports, and the second is the net balance of foreign value flows contained in exports and the value added in a country's exports that are included in the exports of other countries. There are four possible combinations of these flows that specify the quality of exports. The first indicator is broken down by the following types of exports: primary, natural-resource-intensive manufactures, technology-intensive manufactures, and services. The second is broken down by the two types of manufacturing exports. Our empirical analysis covers 22 economies and incorporates data from OCED-WTO, Statistics on Trade in Value Added, for 2009.