

The Role of Services in Changing GVC Structure: Facts from OECD's ICIO

Topic:

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Global Value Chain (GVC) has been the main trend of manufacturing function in the world in the last decades. While much literature has been contributing in different perspective on measuring GVC in trade in value added; how service promotes and is interconnect with GVC has not been paid the attention as it deserves. Services have been playing different roles in the different stages of production: a) in sectors like manufacture of computers, smartphones, electronics, printing, reproduction of recorded media, and manufacture of motor vehicles, services have an important role in concinving and developing these goods in more developed countries while the production is fragmented all over the world; b) at the latestes stage of production, i.e., consumption at retail store, the retail margin, transportation and electricity services are supporting the activity of household consumption; additionaly c) the manufacturing productivity has impacts in the tradable services competiveness, e.g. business consultation, information and R-D and vice versa (services productivity on manufacturing competiveness) across developing and developed economies; and as a consequence d) differences in competiveness and productivity can be major in measures, like labor wage, labor productivity, gross revealed comparative advantage (RCA), etc. By using OECD's Inter-Country Input-Output (ICIO) database this paper will aim to contribute to a better understanding of how services by promoting GVC are at the same time changing the structure of GVC and trade in both, goods and service.