

APEC: Trade in Value Added under Global Value Chains



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- Goal: Produce an APEC Inter-Country Input-Output Database for Trade in Value Added analysis including all 21 APEC economies
- Background
 - In 2013, APEC Leaders agreed to promote GVC development and cooperation in the APEC region
 - In 2014, APEC Leaders endorsed the **Strategic Framework on Measurement of APEC TiVA** and its Action Plan
 - Delivery of completed database and TiVA indicators: 2018
 - Co-chaired by United States and China
 - Annual capacity-building workshops
 - Working closely with ADB, IDE-JETRO, OECD, UNSD, and WTO, and other partners to ensure compatibility with other global and regional initiatives

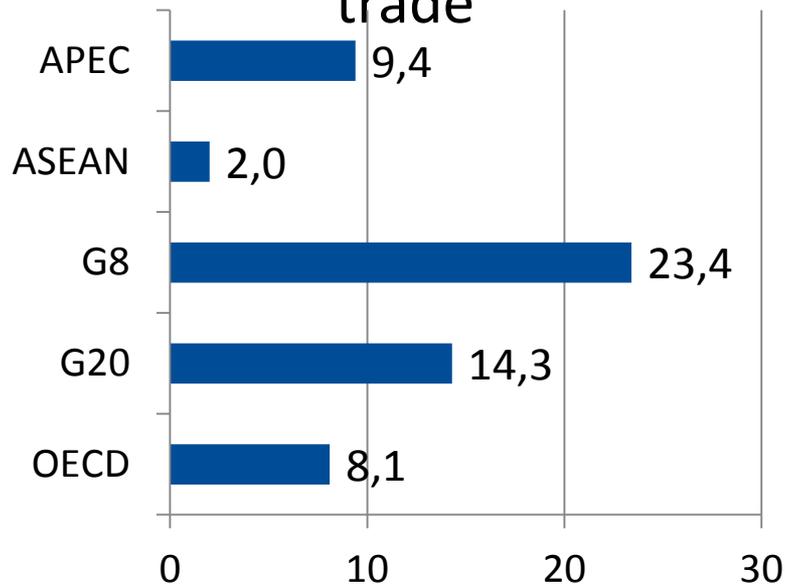
Why focus on APEC?

- Asia-Pacific Economic Cooperation (APEC) is a regional economic forum established in 1989 to leverage the growing interdependence of the Asia-Pacific
- APEC is one of the largest and most dynamic regions in the world
- APEC accounts for*
 - Almost 40% of global consumers
 - About half (47%) of global merchandise trade
 - More than half (57%) of global GDP
- APEC GVCs are among the most integrated in the world

* According to 2014 and 2015 World Bank and WTO statistics

APEC value chains are tightly connected

Average connectedness score for total value added trade



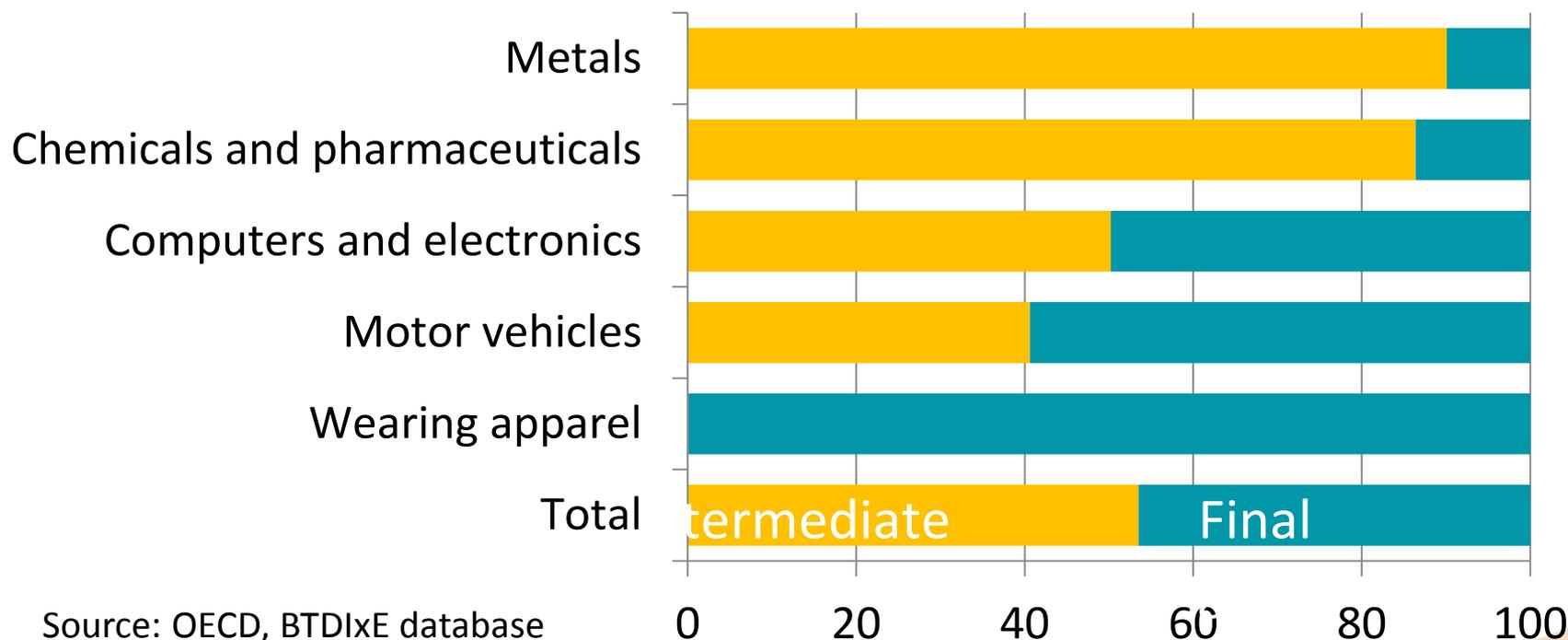
- APEC connectedness is higher than in ASEAN and the OECD
- “The difference in connectedness scores between developed and developing APEC economies is striking”
 - Developed: 21.26
 - Developing: 5.78

Source: APEC PSU, “Value Chain Resilience in the Asia Pacific,” March 2015

APEC has high trade in intermediate inputs

- Intermediate inputs (e.g., parts and components) make up over half of APEC exports, and much more in some sectors

Share of intermediate inputs in APEC exports



Source: OECD, BTDixE database

- As supply chains get longer and more integrated:
 - Costs accumulate across more borders
 - Economies are more affected by policies, both at the border and behind the border, in economies they trade with, and even in economies they don't
 - Economies are at higher risk from downturns and disruptions abroad
- The tightly integrated APEC economies are particularly affected by these trends
- Statistics on APEC GVCs are important for understanding supply chains, including mitigating risks and increasing benefits

Highlights of the APEC TiVA initiative



Date and Place	Event	Highlights
August 2014, Beijing, China	Senior Officials Meeting 3	Initiated the project
May 2015; Boracay, Philippines	<ul style="list-style-type: none"> - 1st technical group meeting - Ministers Responsible for Trade (MRT) meeting 	Endorsed the Terms of Reference (TOR) and work plan of the technical group
November 2015; Manilla, Philippines	APEC Ministerial Meeting	Endorsed the TOR and work plan of the technical group
November 2015; Shanghai, China	<ul style="list-style-type: none"> 1st capacity-building workshop 2nd technical group meeting 	Discussions on NAs, trade in value added, and role of emerging economies in GVCs. Nominated members of the technical group and other teams.
February 2016; Lima, Peru	3 rd technical group meeting	Discussed technical assistance needs and supply
October 2016; Bangkok, Thailand	<ul style="list-style-type: none"> 2nd capacity-building workshop 4th technical group meeting 	Discussions of NAs, trade, and GVC analysis. Assess available data and gaps
August 2017; Nanning, China	<ul style="list-style-type: none"> 3rd capacity-building workshop 5th technical group meeting 	Discussions of NA, trade, and GVC analysis. Begin developing APEC SUT

APEC TiVA Technical Group



- APEC TiVA Technical Group
 - Co-chaired by China and the United States
 - U.S. chair rotates between USITC and BEA
 - Consists of four teams: Core Expert team; Technical Working Teams; Coordination Team, and the Core Technical Task Force
- The Core Technical Task Force (CTTF)
 - CTTF members are drawn from the Technical Group members, co-led by China and the United States
 - CTTF regular communications between US and China
 - Video conference
 - Updating and evaluating project progress
 - Discuss pressing issues

3rd Capacity Building Workshop



- 3rd Capacity Building Workshop August 7-18, 2017 in Nanning, China
 - Provided technical training to strengthen the participants' expertise in SUTs, import use estimation, valuation in basic prices, and reconciling trade statistics
 - Also included presentations by member economies on progress to develop SUTs and extended SUTs
- Two phases
 - Phase I: Presentations by international experts
 - Phase II: Interactive sessions and training workshop
 - In-depth, face-to-face collaboration between CTTF experts and economies with technical difficulties to construct SUTs
 - Foster commitment to jointly construct APEC SUTs before the deadline

- Summarized the results and outcomes of the capacity building workshop
 - Findings of capacity building sessions regarding best practices
 - Findings on the status of each economy's progress
 - Discuss the remaining challenges to completing upcoming deliverables
 - The action items for the next six months
- Discuss progress of completing the 2017 deliverables, and agree on steps to be taken by the next technical group meeting in 2018

Challenges for the TiVA initiative

- Much work remains ahead!
- Key Challenge: APEC member economies do not have a common and consistent economic statistical infrastructure
 - 2017 presents several challenging technical tasks
 - Reconcile bilateral merchandise trade data
 - Estimate missing bilateral services trade data
 - Collect and validate SUTs and IOTs
 - Harmonize SUTs/IOTs to fit in a unified APEC TiVA framework
 - Align TiVA database construction methodologies with OECD, and develop a workflow process to incorporate the key elements
 - Core Technical Task Force (CTTF) communications and data transmission
 - 2018 builds on the technical work in 2017
 - Construct the regional APECSUT/IOT
 - Produce APEC TiVA indicators and economy notes

Cooperation is key to continued success



- APEC members remain a committed and innovative group, with a demonstrated spirit of cooperation
 - 20 APEC member economies participated in the 2016 capacity-building workshop and technical group meeting in Thailand
 - 17 APEC economies participated in the 2017 workshop in China

Conclusion and Way Forward

- In December 2017, the 3rd capacity workshop organizers will store data and technical group report via the Technical Group working website
- 2018 require a serious commitment to reconcile trade asymmetries and develop SUTs and IOTs on common classifications and valuations
 - By August 2018, the plan is to circulate for comment the draft APEC SUT/IOTs to member economies
 - By December 2018, the APEC SUTs/IOTs with TiVA will be migrated to the OECD-WTO database
 - Plans for a GVC conference to highlight results of the APEC effort