

- **To measure international trade in value added
(Nadim Ahmad, Sebastien Miroudot, Norihiko Yamano, OECD, Trade and productivity section)**

Globalization continues apace. The world is becoming increasingly interconnected and goods and services that were once produced in their entirety in a single country are now commonly produced as part of a global production chain, driven by technological progress, cost, access to resources and markets and trade policy reforms. This *fragmentation of production* has meant that traditional measures of trade that record gross flows of goods and services every time they cross borders may present an inaccurate picture of the importance of trade to economic growth and employment and also of the structural nature of bilateral trade balances. This matters because a misleading picture may result in misplaced policies, such as those related to protectionism, reducing trade costs and fostering growth and employment, which are currently at the top of the G20 agenda. To address these issues and to provide new metrics on trade that can provide an important complement to traditional trade statistics the OECD and WTO have launched an initiative to measure international trade in value-added flows in the context of global value chains. This paper explains the underlying concept and rationale for trade in value-added statistics, and presents a framework for measuring these flows, and also presents some early results from the joint initiative. It also describes the longer term work program and statistical activities envisaged in coming years.