Measuring value added in Global Value Chains: Evidence from a dynamic IO model with layers of techniques

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ABSTRACT

We propose a new approach to forecasting the future paths of value-added-related indexes in the framework of global value chains (GVC) in a global input-output model. The proposed methodology may be applied to different groups of counties and sectors in a global IO framework under various scenarios regarding technological progress. In an illustrative empirical case study we focus on 4 groups of economies and 7 groups of sectors. The results suggest that East Asian economies, AUNAFTA and EU countries are expected to improve the efficiency in building their comparative advantage within the GVC framework, while the largest developing economies are not.

Keywords: Endogenous dynamics; world input-output data; global value chains.

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