

Measuring Trade in Value Added for Chinese Processing Trade based on Firm-level Data

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With the development of globalization, the nature of world trade has changed dramatically in recent years. The production chain has changed from “made in one country” to “made in the world”. The share of trade in inputs, also called vertical trade, has dramatically increased. A new statistical method, besides the traditional statistical record, “value-added trade” which is net of double-counted vertical trade is proposed. It reallocates trade flows to original input-producing industries and countries and allows to answer the question “who produces for whom”. How to measure the trade in value-added is still difficult, even though there is a popular approach using II-O table. This presentation will describe a new approach from the micro-level view of angle, measuring the trade in value-added of China based on the full export-oriented industrial enterprises above designated size. The added value of enterprise which is a concept of national accounting is introduced in order to find the correlation between it and value added of trade.

Key Words: trade in value-added, processing trade, national accounting