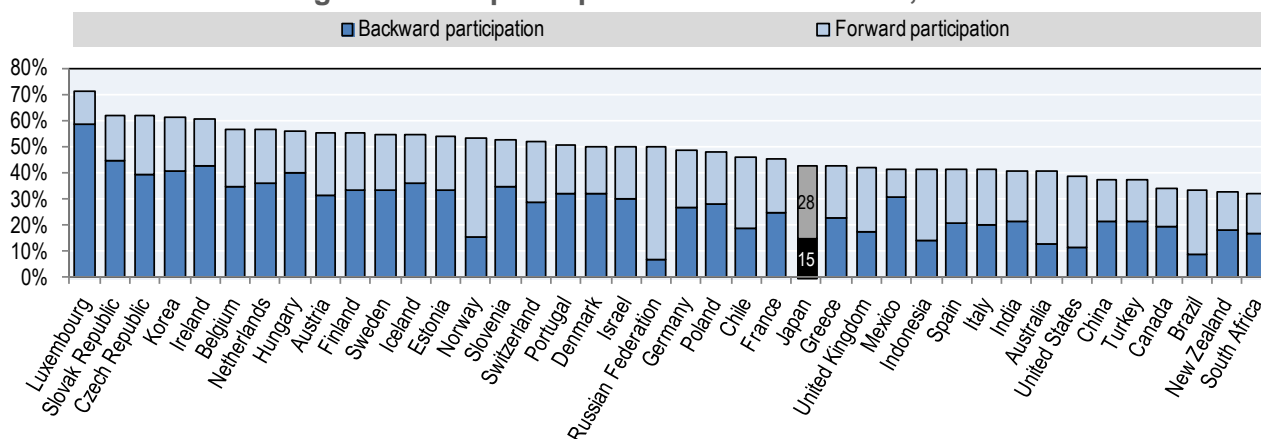


## GLOBAL VALUE CHAINS (GVCs): JAPAN

### Participation in GVCs

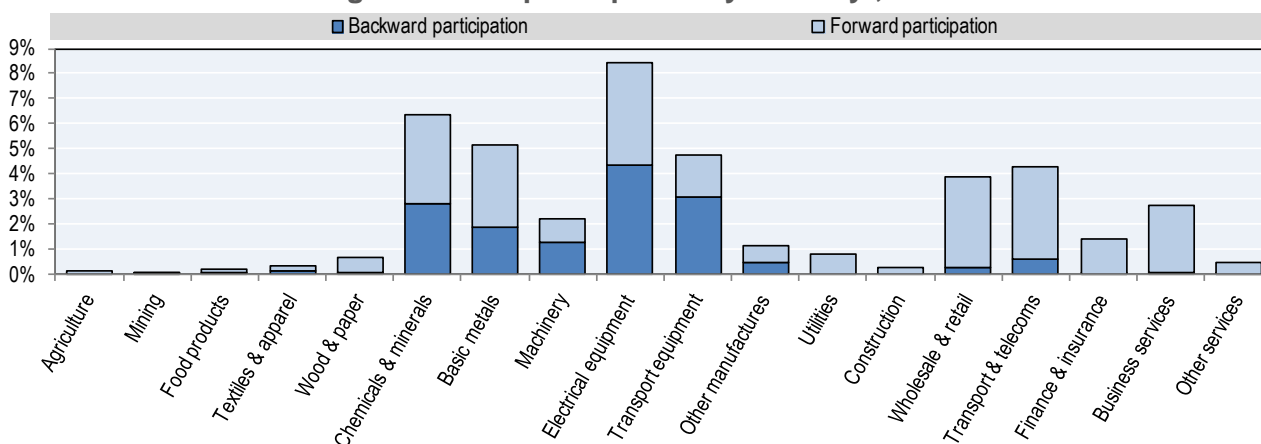
Countries' integration in the global economy is nowadays closely linked to their participation in GVCs. One indicator measuring the participation of countries in GVCs<sup>1</sup> shows what percentage of a country's exports are part of GVCs: either because of upstream links – that is looking back along the value chain and measuring foreign inputs/value added included in a country's exports – or downstream links – i.e. measuring the domestic inputs/value added of the country contained in the exports of other countries by looking forward along the value chain.

**Figure 1. GVC participation across countries, 2009**



- The participation of Japan in GVCs is mainly driven by the use of Japanese intermediates in other countries' exports, i.e. a high degree of forward participation (Figure 1). Large economies typically have relatively low backward participation rates, as they source only a small share of their intermediate inputs from abroad. This is also the case for Japan.
- Japan participates strongly in the GVCs for chemicals, basic metals, electrical equipment and transport equipment, showing its strong role in "Factory Asia". Its participation in services GVCs is lower, although some of Japan's services industries have a high degree of forward participation (Figure 2). Certain manufacturing industries, such as food products and textiles, are only marginally involved in GVCs.

**Figure 2. GVC participation by industry<sup>2</sup>, 2009**



- Note: 1) This indicator of GVC participation focuses on intermediates which are produced in one country and then included in another country's exports; it has been introduced by Koopman et al. (2011) 'Give Credit Where Credit Is Due: Tracing Value Added in Global Production Chains'; see also Miroudot and De Backer (2013) 'Mapping of GVCs'. GVC participation is influenced by the size of the economy, stock of natural resources, distance to world markets, composition of exports (final versus intermediates), etc.
- 2) The indicator on the industry level is expressed relative to total country exports (instead of industry exports) in order to take into account the importance of the industry in the total export composition of a country.

This descriptive note complements the OECD publication "Interconnected Economies: Benefiting from Global Value Chains". The country-specific indicators on GVCs are based on the OECD-WTO Trade in Value-Added database (TiVA – <http://oe.cd/tiva>), both data and indicators are accessible on [stats.oecd.org](http://stats.oecd.org). For further information on the OECD work on GVCs, please contact us ([sti.contact@oecd.org](mailto:sti.contact@oecd.org)) or visit our website (<http://oe.cd/gvc>). May 2013