

# **Economic Development under Global Production Fragmentation: Value Added in Exports of 93 Countries between 1970 and 2008**

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**Paper Abstract:** How can countries benefit most from the new opportunities of production sharing in global value chains? Should countries indeed specialize in a subset of production stages or should they aim at expanding the range of stages preformed domestically? Based on a novel methodology to approximate the share of domestic value added in gross exports (DVAX ratio), this paper constructs data for a set of 93 countries with 19 sectors between 1970 and 2008. This methodology circumvents the need of input-output tables and therefore allows for a wide application across countries and time. Based thereupon, first results show a negative correlation between the initial level of the DVAX ratio and subsequent growth of value added in exports. This suggests that countries that endorse foreign intermediate suppliers and specialize in a smaller range of production stages tend to gain more in terms of domestically captured value added.